

FEDERAL BUREAU OF INVESTIGATION
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ATTENTION

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FM PHILADELPHIA (194C-NEW) (HRA) (P)

TO DIRECTOR (IMMEDIATE)

LOS ANGELES (IMMEDIATE)

PITTSBURGH (IMMEDIATE)

BT

UNCLAS

R. BUDD DWYER; TREASURER OF PENNSYLVANIA;

TREASURY DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA;

DAVID I. HERBERT, DIRECTOR, BUREAU OF SOCIAL SECURITY FOR PUBLIC
EMPLOYEES, DEPARTMENT OF LABOR AND INDUSTRY, COMMONWEALTH OF
PENNSYLVANIA; WILLIAM SMITH; JOHN TORQUATO, OWNER; JUDY PELLIS,
PRESIDENT, COMPUTER TECHNOLOGY ASSOCIATES, INC., NEWPORT BEACH,
CALIFORNIA; HOBBS ACT; 680 PHILADELPHIA.

RE TELCAL FROM SSRA TO SSRA, SANTA ANA, CALIFORNIA,
JUNE 25, 1984.

FOR THE INFORMATION OF THE BUREAU AND RECEIVING OFFICES,
PHILADELPHIA HAS RECEIVED AN ALLEGATION FROM THE AUDITOR GENERAL'S

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174-4683-1

JUN 27 1984

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PAGE TWO PH 194C-NEW UNCLAS

OFFICE FOR THE STATE OF PENNSYLVANIA CONCERNING THE SUBJECTS. FOR BACKGROUND, RECENT STATUTES ALLOW FOR THE RECOVERY OF FICA TAXES PAID BY THE STATE OF PENNSYLVANIA FOR EMPLOYEES WHILE ON SICK LEAVE. IT IS ESTIMATED THAT 25 TO 40 MILLION DOLLARS WILL BE RECOVERED UNDER THIS ACT. IT IS ALLEGED THAT COMPUTER TECHNOLOGY ASSOCIATES, INC. (CTA), ARRANGED FOR LEGISLATION TO BE PASSED ALLOWING THE TREASURER'S OFFICE TO RECOVER THE FUNDS. THIS LEGISLATION ALLEGEDLY WAS PASSED THROUGH [REDACTED] [REDACTED]. SUBSEQUENTLY, A CONTRACT WAS AWARDED TO CTA WHICH WILL RESULT IN INCOME TO CTA ESTIMATED TO BE IN EXCESS OF \$5,000,000. A PROPOSAL FROM ARTHUR A. YOUNG AND COMPANY, CPA, WITH A MAXIMUM COST OF 2.8 MILLION DOLLARS WAS REJECTED.

[REDACTED] AUDITOR GENERAL'S OFFICE, INTERVIEWED [REDACTED] OF CTA, [REDACTED]

[REDACTED] ON JUNE 4, 1984. [REDACTED] ADVISED THAT JOHN TORQUATO WAS THE REAL OWNER OF CTA AND THROUGH WILLIAM SMITH, ATTORNEY, HARRISBURG, PA, PRESENTLY CHAIRMAN OF THE DAUPHIN COUNTY REPUBLICAN COMMITTEE, WAS ABLE TO GET AN AMENDMENT TO A BILL THAT ALLOWED THE STATE

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PAGE THREE PH 194C-NEW UNCLAS

TREASURER TO MAKE FICA RECOVERIES. TORQUATO REPORTEDLY GOT

[REDACTED] TO SPONSOR THE AMENDMENT AND KNOWS [REDACTED]

[REDACTED] FROM PITTSBURGH. TORQUATO

IS SUPPOSED TO HAVE FLOWN [REDACTED] AND SUBJECT DAVID I.

HERBERT TO CALIFORNIA TO LOOK AT CTA'S WORK. TORQUATO PAID FOR
A RENTED LINCOLN TOWN CAR FOR [REDACTED] DURING A TRIP TO
CALIFORNIA ACCORDING TO [REDACTED] [REDACTED]

[REDACTED] WHO RESIDES IN CALIFORNIA, IS SUPPOSED TO RECEIVE A
\$40,000 A YEAR JOB IF CTA RECEIVED THE WORK IN PENNSYLVANIA AND
HAS RECEIVED AN AIRLINE TICKET TO FLORIDA TO VISIT A GIRLFRIEND
FROM CTA. [REDACTED] REPORTEDLY MADE A \$1,000 CONTRIBUTION TO
THE STATE OF PENNSYLVANIA REPUBLICAN PARTY AT THE REQUEST OF
SUBJECT SMITH AND WAS REIMBURSED BY CTA WHICH CONTRIBUTION WAS
MADE AT TORQUATO'S REQUEST TO HELP GET THE LEGISLATION PASSED.

ACCORDING TO [REDACTED] TO RECEIVE THE CONTRACT, CTA WAS TO
PAY \$300,000 TO THE CAMPAIGN OF TREASURER DWYER FROM THE
PROFITS OF THE FICA RECOVERY MADE FOR THE SCHOOL DISTRICTS OF
PENNSYLVANIA. THE CONTRACT WAS REPORTEDLY UNDER THE DEPARTMENT
OF EDUCATION AND IT WAS CHANGED TO THE TREASURY DEPARTMENT
BECAUSE TREASURER DWYER WOULD HELP CTA GET THE CONTRACT BY

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PAGE FOUR PH 194C-NEW UNCLAS

VIRTUE OF THE PAYOFF. [REDACTED] TREASURY
DEPARTMENT, IS TORQUATO'S [REDACTED]

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[REDACTED] THAT SELECTED CTA FOR THE FICA RECOVERY CONTRACT.

[REDACTED] STATES THAT AN FICA ANALYSIS REPORT AT CTA, WHICH WAS
SEEN BY FORMER CTA EMPLOYEE [REDACTED] [REDACTED]

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[REDACTED] TELEPHONE [REDACTED], HAD A BREAK DOWN
OF THE PENNSYLVANIA CONTRACT COST INCLUDING \$100,000 TO [REDACTED]
\$300,000 TO "OUR GUY" AT 50 PERCENT OF THE FICA PROFIT TO SMITH.
HERBIE WAS IDENTIFIED AS DAVID HERBERT. THE ANALYSIS IS REPORTEDLY
KEPT IN A FILE CABINET IN TORQUATO'S HOUSE. [REDACTED]
ALLEGES THAT ALLEGHENY COUNTY, PA, OFFICIALS RECEIVED \$102,000
IN PAYOFFS FOR FICA RECOVERY WORK FOR THAT COUNTY FROM TORQUATO.

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[REDACTED] HAS PROVIDED A SIGNED STATEMENT TO [REDACTED]
[REDACTED] AND [REDACTED] HAS CONFIRMED THE EXISTENCE OF THE COST
BREAKDOWN TO HIM. FORMER CTA EMPLOYEE [REDACTED] WAS
THREATENED BY TORQUATO IN CONNECTION WITH HIS EMPLOYMENT AND
MAY BE SUED BY TORQUATO ACCORDING TO [REDACTED]

HERBERT IS INVOLVED IN THE APPROVAL OF FICA RECOVERY
REQUEST FOR THE STATE OF PENNSYLVANIA AND REPORTEDLY IS GOING
TO AID CTA IN GETTING THE REQUEST PROCESSED EXPEDITIOUSLY.

PAGE FIVE PH 194C-NEW UNCLAS

FOR THE INFORMATION OF LOS ANGELES, THE AUDITOR GENERAL IS RUNNING AGAINST TREASURER DWYER IN THE UPCOMING ELECTION AND HIS OFFICE IS CONTEMPLATING A PRESS RELEASE ON THIS MATTER. PHILADELPHIA IS ATTEMPTING TO DETERMINE THE ACCURACY OF THE INFORMATION AND GET FIRSTHAND INFORMATION PRIOR TO PROCEEDING WITH OTHER LOGICAL INVESTIGATION. LOS ANGELES LEAD AGENT IS REQUESTED TO TELEPHONICALLY CONTACT SSRA [REDACTED] HARRISBURG, PA, RESIDENT AGENCY, FOR ADDITIONAL DETAILS CONCERNING THIS MATTER. FTS TELEPHONE [REDACTED] OR COMMERCIAL TELEPHONE [REDACTED]

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LOS ANGELES AT WESTMINSTER, CA: WILL IMMEDIATELY INTERVIEW [REDACTED] TELEPHONE [REDACTED] IN DETAIL AS SET FORTH ABOVE INCLUDING DETAILS OF CONTACTS WITH EACH OF THE SUBJECTS. ALSO DETERMINE IF [REDACTED] WOULD BE COOPERATIVE IF CONTACTED BY THE FBI AND IF [REDACTED] HAS A CONTINUING RELATIONSHIP WITH ANY CTA EMPLOYEES.

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LOS ANGELES AT NEWPORT BEACH, CA: WILL LOCATE AND INTERVIEW [REDACTED] TELEPHONE [REDACTED] [REDACTED] TO DETERMINE HIS KNOWLEDGE OF THE ABOVE SITUATION.

LOS ANGELES AT HUNTINGTON BEACH, CA: WILL INTERVIEW [REDACTED]

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[REDACTED] TO DETERMINE HER KNOW-

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LEDGE OF THE ABOVE ALLEGATIONS AND THE EXISTENCE, CONTENTS AND
LOCATION OF THE COST BREAKDOWN FOR PENNSYLVANIA CONTRACT.

BT

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V PHILADELPHIA (194C-361) (HRA)

TO DIRECTOR, FBI (ROUTINE)

LOS ANGELES (ROUTINE)

PITTSBURGH (ROUTINE)

BT

U N C L A S

R. BUDD DWYER; TREASURER OF PENNSYLVANIA;

TREASURY DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA; DAVID

I. HERBERT, DIRECTOR, BUREAU OF SOCIAL SECURITY FOR PUBLIC EMPLOYEES,

DEPARTMENT OF LABOR AND INDUSTRY, COMMONWEALTH OF PENNSYLVANIA; T

WILLIAM SMITH; JOHN TORQUATO, OWNER; JUDY CELLIS, PRESIDENT, COMPUTER

TECHNOLOGY ASSOCIATES, INC., NEWPORT BEACH, CALIFORNIA; HOBBS ACT; - CPO

(OO:PHILADELPHIA)

WILLIAM SMITH

DE-43

194-4683-2

RE TELCALL OF SSRA HARRISBURG TO SSRA SANTA ANA, JUNE 29, 1984

AND PHILADELPHIA TELETYPE TO DIRECTOR, LOS ANGELES AND PITTSBURGH,

DATED JUNE 25, 1984.

REFERENCED PHONE CALL INVOLVED DETAILS CONCERNING THE NEED FOR

4 JUL 5 1984

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PAGE TWO, 194C-361, U N C L A S

PHILADELPHIA AGENTS TO TRAVEL TO SANTA ANA, CALIFORNIA TO CONDUCT INTERVIEWS, POSSIBLE CONSENSUAL MONITORINGS AND SERVE SEARCH WARRANTS REGARDING THIS CASE.

SAS [REDACTED] AND [REDACTED] OF THE HARRISBURG RESIDENT AGENCY WILL TRAVEL TO CALIFORNIA-ON JULY 2, 1984 AND WILL COORDINATE THEIR ACTIVITIES WITH SA [REDACTED] OF THE SANTA ANA RESIDENT AGENCY.

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SACS PHILADELPHIA AND LOS ANGELES CONCUR WITH THIS TRAVEL.

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TO DIRECTOR ROUTINE

LOS ANGELES ROUTINE

PHILADELPHIA (194C-NEW) (HRA) ROUTINE

BT

UNCLAS

R. BUDD DWYER; TREASURER OF PENNSYLVANIA; ET AL; HOBBS ACT - CPO;
(OO: PHILADELPHIA)

RE PHILADELPHIA TELETYPE TO THE BUREAU, DATED JUNE 25, 1984.

ALTHOUGH NO DETAILED DESCRIPTIVE DATA CONTAINED IN REFERENCED
TELETYPE RE JOHN TORQUATO, IT APPEARS HE MIGHT BE IDENTICAL WITH
SUBJECT OF CLOSED PITTSBURGH FILE 194-12, BUFILE 92-18582, ENTITLED,
"JOHN TORQUATO, CHAIRMAN, CAMBRIA COUNTY DEMOCRATIC COMMITTEE; ET
AL; HOBBS ACT - CPA; (OO: PITTSBURGH)." THIS FILE DESCRIBED
TORQUATO IN 1978, AS THE 70 YEAR OLD FORMER CHAIRMAN OF THE DEMO-
CRATIC COMMITTEE OF CAMBRIA COUNTY, PA. IN THIS CASE, TORQUATO
WAS FOUND GUILTY ON JUNE 29, 1978, OF THIRTY (30) COUNTS OF

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PAGE TWO

PG 194C-267

UNCLAS

VIOLATION OF TITLE 18, SECTION 1951, U. S. CODE, AND ONE (1) COUNT OF VIOLATION OF TITLE 18, SECTION 2, U. S. CODE. HE WAS SENTENCED ON NOVEMBER 15, 1973, TO FIVE (5) YEARS CUSTODY OF THE ATTORNEY GENERAL, FINED \$10,000, AND ORDERED TO PAY ONE-THIRD OF THE COURT COSTS.

IT HAS BEEN DETERMINED THAT TORQUATO HAS SINCE SERVED THAT SENTENCE AND IS NOW RESIDING IN CAMBRIA COUNTY, PA. HE DOES NOT HOLD ANY KNOWN PUBLIC OFFICE.

INFORMATION BEING PROVIDED FOR THE INVESTIGATIVE ASSISTANCE OF PHILADELPHIA AND OTHER OFFICES, AND NO ACTIVE INVESTIGATION WILL BE CONDUCTED BY PITTSBURGH AT THIS TIME.

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OF INVESTIGATION
PHILADELPHIA (194C-361) (HRA) (P)

TO DIRECTOR, FBI (ROUTINE)

BT
UNCLAS BUDD DWYER

ATTENTION: WHITE COLLAR CRIME SECTION AND TECHNICAL SERVICE

R. BUDD DWYER; TREASURER, COMMONWEALTH OF PENNSYLVANIA; ET AL

HOBBS ACT; OO:PHILADELPHIA

RE PHILADELPHIA TELEPHONE CALL TO THE BUREAU JULY 12, 1984.

[REDACTED] IS SCHEDULED TO APPEAR BEFORE A FEDERAL GRAND JURY IN
HARRISBURG, PENNSYLVANIA, ON JULY 24, 1984. [REDACTED]

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AUSA MDPA, ADVISED THAT BECAUSE [REDACTED]

[REDACTED]

REQUEST OF THE BUREAU: THE BUREAU IS REQUESTED TO PROVIDE A QUALIFIED COMPUTER OPERATOR TO OPERATE THE COMPUTER HARDWARE SET FORTH ABOVE AND SHOULD BE IN THE HARRISBURG RESIDENT AGENCY ON JULY 23, 1984 FOR THE WEEK OF JULY 23 TO JULY 27, 1984. THE OPERATOR SHOULD CONTACT SA [REDACTED] OR [REDACTED] AT [REDACTED] TO RESOLVE ANY QUESTIONS CONCERNING THIS PROJECT.

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FM PHILADELPHIA 194C-361 (HRA) (P)

TO DIRECTOR ROUTINE

PITTSBURGH 194C-267 ROUTINE

BT

UNCLAS

R. BUDD DWYER, TREASURER OF PENNSYLVANIA; [REDACTED] [REDACTED]

[REDACTED], TREASURY DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA; DAVID I. HERBERT, DIRECTOR, BUREAU OF SOCIAL SECURITY FOR PUBLIC EMPLOYEES, PENNSYLVANIA DEPARTMENT OF LABOR AND INDISTRY, COMMONWEALTH FO PENNSYLVANIA; WILLIAM SMITH; JOHN TORQUATO, JR., OWNER, COMPUTER TECHNOLOGY ASSOCIATES, INC. (CTA), NEWPORT BEACH, CALIFORNIA; JUDY ELLIS, PRESIDENT, CTA; HOBBS ACT-500:PH
RE PH AIRTEL TO BU 7/6/84, PH TEL TO BU 6/25/84 AND PH TEL TO BU 7/17/84.

FOR THE INFORMATION OF THE BUREAU APRIL 4, 1984 THE GOVERNOR OF PENNSYLVANIA SIGNED INTO LAW SENATE AMMENDED HOUSE BILL NUMBER 1397 WHICH GAVE THE TREASURER OF PENNSLVANIA THE AUTHORIZATION TO RECOVER ON BEHALF OF THE COMMONWEALTH OF PENNSYLVANIA ALONG WITH THE STATE

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SCHOOLS DISTRICTS AND OTHER SCHOOL ENTITIES SOCIAL SECURITY OVER-PAYMENTS MADE BY EMPLOYEES ON SICK LEAVE FOR THE YEARS 1979, 1980 AND 1981. IT FURTHER GAVE THE TREASURER THE POWER TO TAKE WHATEVER ACTION HE DEEMS RESONABLE TO RECOVER SUCH OVERPAYMENTS. ON MAY 10, 1984 THE TREASURER'S OFFCIE ENTERED INTO A CONTACT WITH CTA A CALIFORNIA BASED CORPORATION TO RECOVER THE ABOVE DESCRIBED FUNDS. IT IS ESTIMATED THAT 25 - 40 MILLION DOLLARS WILL BE RECOVERED UNDER THIS PROGRAM. THE CONTRACT CALLS FOR CTA TO BE PAID SEVEN DOLLARS AND SEVENTY FIVE CENT PER PERSON PER YEAR FOR THIS SERVICE WHICH FOR THE MINIMUM RECOVERY IS APPROXIMATELY FIVE MILLION DOLLARS. A PROPOSAL FOR A COMPETING COMPANY, ARTHUR YOUNG AND COMPANY, CPA, WITH A MAXIMUM COST OF 2.8 MILLION DOLLARS WAS REJECTED.

FORMER CTA EMPLOYEE [REDACTED] ADVISED THAT JOHN TORQUATO IS THE REAL OWNER OF CTA HOWEVER, TO REFLECT THIS COMPANY TO BE A MINORITY OWNED COMPANY HE LIST [REDACTED] AND [REDACTED]

[REDACTED] TORQUATO, WITH THE ASSISTANCE OF WILLIAM SMITH, [REDACTED] AND PRESENTLY CHAIRMAN OF THE DAUPHIN COUNTY REPUBLICAN COMMITTEE, HARRISBURG, PA WAS ABLE TO GET THE LEGISLATURE FOR THE COMMONWEALTH OF PA TO PASS AN AMMENDMENT TO AN EXISTING LAW ALLOWING THE TREASURER OF PENNSYLVANIA TO MAKE THE ABOVE DESCRIBED RECOVERY. IN ADDITION, DAVID I. HERBERT, DIRECTOR OF SOCIAL SECURITY FOR PUBLIC EMPLOYEES FOR THE COMMONWEALTH FO PA WAS ALLEGEDLY FLOWN TO CALIFORNIA

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TO LOOK OVER CTA'S WORK. [REDACTED] FURTHER ADVISED TORQUATO HAD HER SEND A \$1,000.00 CHECK TO THE PENNSYLVANIA REPUBLICAN STATE COMMITTEE AT SMITH'S REQUEST. SHE LATER CLAIMS SHE WAS REIMBURSED THIS MONEY BY TORQUATO.

[REDACTED] STATED TO RECEIVE THE CONTRACT CTA WAS TO PAY \$300,000.00 TO THE STATE TREASURER R. BUDD DWYER'S CAMPAIGN FUND FROM THE PROFITS OF THE FICA RECOVERY MADE FOR THE SCHOOL ENTITIES OF PA. [REDACTED]

[REDACTED] FOR THE TREASURER WAS THE [REDACTED] WHO SUBSEQUENTLY SELECTED STA FOR THE CONTRACT. IN ADDITION, [REDACTED] STATED AND FICA ANALYSIS REPORT AT CTA WHICH WAS SEEN BY FORMER CTA EMPLOYEE TORI REES OF HUNTINGTON BEACH, CA HAD A BREAKDOWN OF THE PA CONTRACT COST. THIS BREAKDOWN REFLECTED THE AMOUNT OF \$100,000.00 TO "HERBIE", \$300,000.00 TO "OUR GUY", AND \$200,000.00 TO OTHERS. HERBIE WAS IDENTIFIED AS HERBERT AND OUR GUY WAS IDENTIFIED AS DWYER, IN ADDITION [REDACTED] ALLEGES PITTSBURGH, PA AND THE ALLEGHENY COUNTY PA OFFICIALS IDENTIFY UNKNOWN RECEIVED \$102,000.00 IN PAYOFFS FOR FICA RECOVERY WORK PERFORMED BY TORQUATO. SHE FURTHER STATES HERBERT WAS VERY MUCH INVOLVED IN AIDING CTA'S EFFORTS TO OBTAIN THE CONTRACT AND LATER GETTING THE RECOVERY PROCESSED EXPEDITIOUSLY.

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ON JULY 6, 1984 A SEARCH WARRANT WAS EXECUTED ON THE RESIDENCE/

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OFFICE OF JOHN TORQUATO IN NEWPORT BEACH, CA. AMONG THE ITEMS SEIZED WERE SEVERAL COMPUTER PRINTOUTS WHICH CONFIRMED THE INFORMATION SUPPLIED BY [REDACTED] AND [REDACTED] NUMEROUS INTERVIEWS WERE CONDUCTED IN PA CONCURRENTLY WITH THE EXECUTION OF THE SEARCH WARRANT IN CA. ON INTERVIEW [REDACTED] ADMITTED BEING OFFERED \$100,000.00 TO BE PLACED IN A SWISS BANK ACCOUNT BUT CLAIMED HE DID NOT TAKE THE OFFER SERIOUSLY. ADDITIONALLY INVESTIGATION INDICATED THAT AN OFFER OF \$100,000.00 WAS MADE TO [REDACTED] FOR PA [REDACTED] [REDACTED] IS ON THE UNITED STATES ATTORNEY GENERAL ADVISORY COMMITTEE. THE INVESTIGATION ALSO POINTS TO POSSIBLE INVOLVEMENT BY PA [REDACTED] IN THE PASSING OF THE LEGISLATION AND ALLEGEDLY [REDACTED] WAS TO RECEIVE A JOB FROM CTA.

[REDACTED] AND OTHER MEMBERS OF THE OFFICE OF THE ATTORNEY GENERAL HAVE BEEN INTERVIEWED AND CONFIRMED THAT [REDACTED] WAS OFFERED \$100,000.00 IN CONNECTION WITH THE ISSUANCE OF AN ATTORNEY GENERAL'S OPINION. NO ACTION WAS TAKEN BY THE ATTORNEY GENERAL'S OFFICE CONCERNING THIS OFFER.

PHILADLEPHIA IS CONTINUING THIS INVESTIGATION ON A PRIORITY BASIS AND ANTICIPATES INTERVIEWING OTHER INDIVIDUALS WITHIN THE STATE GOVERNMENT TO INCLUDE PERSONNEL IN THE GOVERNOR'S OFFICE AND THE ATTORNEY GENERAL.

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FM PHILADELPHIA (194C-361) (HRA) (P)

TO DIRECTOR, FBI (ROUTINE)

BT

U N C L A S

ATTENTION: WHITE COLLAR CRIME SECTION

R. BUDD DWYER; TREASURER OF PENNSYLVANIA;

TREASURY DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA; DAVID

I. HERBERT, DIRECTOR, BUREAU OF SOCIAL SECURITY FOR PUBLIC EMPLOYEE

DEPARTMENT OF LABOR AND INDUSTRY, COMMONWEALTH OF PENNSYLVANIA;

WILLIAM SMITH; JOHN TORQUATO, OWNER; JUDY VELLIS, PRESIDENT, COMPU

TECHNOLOGY ASSOCIATES, INCORPORATED, NEWPORT BEACH, CALIFORNIA;

HOBBS ACT; OO:PHILADELPHIA

RE PHILADELPHIA TELETYPE TO THE BUREAU JUNE 25, 1984, AND

JULY 6, 1984 TELCALL SSRA HARRISBURG RESIDENT

AGENCY TO BUREAU

Emer. Authority:

7/6/84

To: SA

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FEDERAL BUREAU
OF INVESTIGATION

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Crim. Inv.	<input checked="" type="checkbox"/>
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Legal Coun.	
Off. of Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Servs.	
Training	
Telephone Rm.	
Director's Sec'y	

Letter to O. b3
sent 7/9/84
NFD/17h

JUL 17 1984

FOUR
SUB INDEX

PAGE TWO, 194C-361, U N C L A S

b6
b37C

[REDACTED] [REDACTED]
[REDACTED]

DETAILS: ALLEGATION WAS RECEIVED FROM THE PENNSYLVANIA AUDITOR GENERAL'S OFFICE CONCERNING BOTH SUBJECTS IN CONNECTION WITH A PROGRAM FOR THE RECOVERY OF FICA TAXES WHICH WERE PAID BY PENNSYLVANIA EMPLOYEES WHILE THEY WERE ON SICK LEAVE. ALLEGATION BASICALLY STATES THAT THE LEGISLATIVE BODY OF PENNSYLVANIA ENACTED ACT XXXVIII DIRECTING THAT THE TREASURER'S OFFICE BE DESIGNATED AS THE OFFICE FOR THE RECOVERY OF THOSE MONIES IN THIS PASSED LEGISLATION. [REDACTED]

[REDACTED] IN CONCERT WITH THE SUBJECT TORQUATO DRAFTED THE LEGISLATION WHICH WAS SUBSEQUENTLY INTRODUCED BY [REDACTED]

[REDACTED] FROM YORK, PA. [REDACTED] GIVEN VARIOUS CONSIDERATIONS BY COMPUTER TECHNOLOGY ASSOCIATES (CTA) TO ALSO INCLUDE VARIOUS CONSIDERATIONS TO [REDACTED] DAVID I. HERBERT, ALLEGED TO HAVE BEEN OFFERED AND IS TO RECEIVE \$100,000 INASMUCH AS HE HAS THE AUTHORITY TO APPROVE THE PAPER WORK SUBMITTED FROM THE SCHOOL DISTRICTS INVOLVED TO RECOVER THEIR MONIES. THE CTA IS BEING DESIGNATED AS THE FIRM TO HANDLE THE RESEARCH AND SUBMISSION OF THE FIGURES TO HERBERT; THEY WILL EXPEDITE THE PAPER WORK IN ORDER TO RECOVER THE MONIES FROM THE FEDERAL GOVERNMENT. DWYER, WHO IS A CANDIDATE THIS YEAR FOR THE OFFICE OF THE TREASURER OF THE

b6
b7C

PAGE THREE, PH 194C-361, U N C L A S

COMMONWEALTH OF PENNSYLVANIA TO RECEIVE A \$300,000 CAMPAIGN CONTRIBUTION FROM CTA. [REDACTED] HANDLED NEGOTIATIONS WITH CTA AND OVER THE OBJECTION OF THE ARTHUR YOUNG ACCOUNTING FIRM, WHO OFFERED TO ACCOMPLISH THE JOB AT A CONSIDERABLE REDUCTION OF EXPENSES. CTA WAS AWARDED THE CONTRACT FOR AN ESTIMATED 11.6 PERCENT OF THE TOTAL RECOVERY WHICH MAY HAVE BEEN APPROXIMATE 40 MILLION DOLLARS. ADDITIONALLY, AS A GOOD FAITH GESTURE, A \$1,000 CONTRIBUTION WAS PAID BY CTA TO THE STATE OF PENNSYLVANIA REPUBLICAN PARTY AT THE REQUEST OF SUBJECT SMITH. SMITH'S JOB WAS TO INCORPORATE TORQUATO'S COMPANY IN THE COMMONWEALTH OF PENNSYLVANIA, THIS CORPORATION LISTED JUDY ELLIS AS PRESIDENT AND ANOTHER FEMALE (NAME UNKNOWN) AS AN OFFICER IN ORDER TO QUALIFY AS A MINORITY BUSINESS. BY REGISTERING IN THE COMMONWEALTH, THE CORPORATION WOULD HAVE THE APPEARANCE OF BEING A PENNSYLVANIA STATE CORPORATION AS OPPOSED TO AN OUT OF STATE ENTITY. CONTRACT WAS REPORTEDLY UNDER THE DEPARTMENT OF EDUCATION BUT WAS CHANGED TO THE TREASURY DEPARTMENT BECAUSE DWIRE WAS TO HELP CTA OBTAIN THAT CONTRACT. [REDACTED], IS REFERRED TO AS TORQUATO'S [REDACTED] AND WAS TO HEAD UP THE COMMITTEE WHICH ULTIMATELY SELECTED CTA FOR THE RECOVERY OF THE FICA MONIES.

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b7C

PAGE FOUR, PH 194C-361, U N C L A S

[REDACTED], WHO IS A [REDACTED] FOR THE CLEARFIELD SCHOOL DISTRICT, CLEARFIELD, PENNSYLVANIA, HAS CONSENTED TO PERSONALLY CONTACT DAVID I. HERBERT AND THROUGH THIS CONTACT WILL ATTEMPT TO ASCERTAIN WHY IT IS NECESSARY THAT THE SCHOOL DISTRICT UTILIZES THE SERVICES OF CTA INASMUCH AS SOME SCHOOL DISTRICTS DEEM IT MORE FISIABLE FOR THEM TO CONDUCT THE WORK THEMSELVES AND THEREBY RECEIVE MORE MONIES FROM THE RECOVERY OF THE FICA FUNDS. IF CTA CONDUCTS THE REQUESTED AUDITS AND SUBMITS THE PAPERWORK THROUGH THE STATE, THEN THE STATE RECEIVES A PORTION OF THE MONIES AS DOES THE SCHOOL DISTRICT AND THE INDIVIDUAL EMPLOYEE. [REDACTED] WILL NOTE THAT DISCREPENCIES AND QUEST**b6 S** AS TO WHETHER OR NOT THE CONTRACT CAN BE HANDLED MORE EFFICIENTLY, **b7C** WHICH WILL ALLOW A GREATER PERCENTAGE OF MONEY TO BE GAINED BY BOTH THE SCHOOL DISTRICT AND THE INDIVIDUAL DISTRICT EMPLOYEE INVOLVED.

[REDACTED] WILL FURNISH [REDACTED]

[REDACTED] AND IS WILLING TO TESTIFY **b3** IN ANY JUDICIAL PROCEEDINGS WHICH MAY ARISE FROM THIS INVESTIGATION.

U.S. ATTORNEY'S OPINION: AUSA JAMES WEST, MDPA, HARRISBURG, PA, **b3** ADVISED THAT [REDACTED] OF [REDACTED]

Office of Enforcement Operations
Criminal Division

July 9, 1984

1 - Mr. E. Walsh,
Room 5847

1 - [REDACTED] b6
b7C

Director, FBI

FEDERAL GOVERNMENT

B400 Dwyer

R. BUDD DWYER; TREASURER OF PENNSYLVANIA;

[REDACTED] TREASURY

DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA;

DAVID I. HERBERT, DIRECTOR, BUREAU OF SOCIAL

SECURITY FOR PUBLIC EMPLOYEES, DEPARTMENT OF

LABOR AND INDUSTRY, COMMONWEALTH OF PENNSYLVANIA;

WILLIAM SMITH; JOHN TORQUATO, OWNER; JUDY HELLIS,

PRESIDENT, COMPUTER TECHNOLOGY ASSOCIATES,

INCORPORATED, NEWPORT BEACH, CALIFORNIA;

HOBBS ACT

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b7C

Attached is a copy of a communication which furnishes information concerning a current investigation. Exigent circumstances precluded a request for authorization in advance to utilize an electronic device to monitor and/or record private conversations with the consent of a party.

Under the provisions of Part III (B) of the Attorney General's Memorandum of November 7, 1983, to the Heads of Executive Departments and Agencies entitled, "Monitoring Private Conversations with the Consent of a Party." Emergency monitoring was instituted under the authorization of an appropriate official of the FBI.

b6
b7C

Monitoring of this conversation was authorized in the best interest of law enforcement in that it was expected to provide corroborative evidence and to protect the individual utilizing the equipment.

Further monitoring is expected in this matter, and it is requested that your office approve the use of this equipment for a period of 30 days beginning the date on which you grant approval.

Enclosure

rec AD Adm. — NFD:lyn (5)
rec AD Inv. —
rec AD LES —

st. Dir.: NOTE: Emergency authority was obtained from Section Chief
Adm. Servs. — Hal N. Heltemoller on 7/6/84, and relayed to SA [REDACTED]
Crim. Inv. — PH, by Supervisor [REDACTED], same date.

4 JUL 17 1984

b6
b7C

Insp. —
Intell. —
Lab. —
Legal Coun. —
Off. Cong. & Public Affs. —
Rec. Mgnt. —
Tech. Servs. —
Training —
Telephone Rm. —
Director's Sec'y —

1-ENCLOSURE

APPROVED: [REDACTED]

Director —
Exec. AD-Adm. —
Exec. AD-Inv. —
Exec. AD-LES —

Adm. Servs. —
Crim. Inv. —
Ident. —
Inspection —
Intell. —
Lab. —
Legal —
Off. of Cong. & Public Affs. —
Rec. Mgnt. —
Tech. Servs. —
Training —

EX-100 INDEX

53 SEP 10 1984

Waked OED 7-11-84/jm

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Airtel

7/16/84

1 - [REDACTED]

Director, FBI

SAC, Philadelphia (194C-361)

BuDD DWYER
R. BUDD DWYER; TREASURER OF PENNSYLVANIA;
[REDACTED] TREASURY
DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA;
DAVID I. HERBERT, DIRECTOR, BUREAU OF SOCIAL
SECURITY FOR PUBLIC EMPLOYEES, DEPARTMENT OF
LABOR AND INDUSTRY, COMMONWEALTH OF PENNSYLVANIA;
WILLIAM SMITH; JOHN TORQUATO, OWNER; JUDY ELLIS,
PRESIDENT, COMPUTER TECHNOLOGY ASSOCIATES,
INCORPORATED, NEWPORT BEACH, CALIFORNIA; HOBBS ACT
OO: PHILADELPHIA (PH)

b6
b7C

3 Mlg

RePHtel to the Bureau, 7/6/84, and Butelcal to PH, 7/6/84.

ReButelcal 7/6/84 advised that emergency authority was
granted for the use of an electronic device to monitor and/or
record conversations between [REDACTED] and [REDACTED]
and others unknown.

b6
b7C

This is to confirm that written authority has now been
obtained from the Criminal Division, Department of Justice, for
the use of electronic device for a period of 30 days beginning 7/11/84.

Within 30 days of expiration of this authorization,
advise FBIHQ regarding the use of this equipment through
submission of a FD-621 (see Manual of Investigative Operations
and Guidelines (MIOG), Part II, Section 10-10.3 (6), page 1066.10,
under "Consensual Monitoring.")

In the event a renewal of this authority is deemed
warranted, submit your request with full justification. An
appropriate system should be established so that renewal authority
requests are received at FBIHQ at least seven days prior to the
expiration of the existing authority.

4 JUL 17 1984

In addition, you should insure that all persons reasonably
identified as having been monitored are suitably included in the
field office and FBIHQ ELSUR indices, commensurate with existing
instructions as outlined per MIOG, Part II, Section 10-10.5, pages
1066.10-1066.12. Strict administrative controls must be established
to insure these requirements are met.

Bureau equipment should be afforded appropriate security
and you should keep the Bureau advised of pertinent developments.

SEE NOTE PAGE 2

NFD: [REDACTED]
53 SEP 10 1984
SEALD ENCL *ENCLOSURE ATTACHED*

MAILED 16
JUL 16 1984
FBI

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Serv. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec. _____

NOTE: Emergency authority was obtained from Section Chief

W. N. Helterhoff on 7/6/84, and relayed to SA [REDACTED]

[REDACTED] by Supervisor [REDACTED], same date.

b6

b7C

See Bureau letter to Office of Enforcement Operations dated 7/9/84. No Bureau markings or stamps to be placed on original memorandum.

STATS INDEX
RECORDS SECTION

JUL 13 3 54 PM 1984

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b7C

ENCLOSURE (1 TO ~~RECEIVED~~ (AIRTEL)

TO SAC, PHILADELPHIA

DATED 7/16/84

RE R. BUDD DWYER; TREASURER
OF PENNSYLVANIA

PH FILE NO. 194c-361

FILE NO. _____

194-4683-8

45
NOT RECORDED
BY ENCL. 15 LR
10/1/84

Handling
Encl. 15 LR
10/1/84

PH0010 2032151Z

RR HQ

DE PH

R 232151Z JUL 84

FM PHILADELPHIA (194C-361) (HRA) (P)

TO DIRECTOR, FBI (ROUTINE)

BT
U N C L A S

ATTENTION: VOUCHER AND PAYROLL SECTION

R. BUDD DWYER; TREASURER OF PENNSYLVANIA; ET AL; HOBBS ACT-CPO;

OO:PHILADELPHIA

IN CONNECTION WITH CAPTIONED INVESTIGATION IT WAS NECESSARY
FOR SAS [REDACTED] SSA [REDACTED] AND [REDACTED]
SSAN [REDACTED] TO WORK THE HOLIDAY THE FOURTH OF JULY IN ORDER
TO ACCOMPLISH IMMEDIATE INVESTIGATIVE NEEDS.

VOUCHER AND PAYROLL SECTION SHOULD PAY THE ABOVE SAS HOLIDAY
PAY FOR THAT PARTICULAR DAY.

BT

Exec. AD-Adm.	
Exec. AD-Inv.	
Exec. AD-LES	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	10/10
Ident.	
Inspection	
Intell.	
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Rec. Mgnt.	
Tech. Servs.	
Training	
Telephone Rm.	
Director's Sec'y	

b6
b7C

BUDD DWYER

194-4683-9

3 AUG 1 1984

13 AUG 29 1984

THREE

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 7/6/84

TO: DIRECTOR, FBI

FROM: SAC, PHILADELPHIA (194-C-361) (HRA) (P)

SUBJECT: R. BUDD DWYER, TREASURER OF PENNSYLVANIA;
 [REDACTED] TREASURY
 DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA;
 DAVID I. HERBERT, DIRECTOR, BUREAU OF
 SOCIAL SECURITY FOR PUBLIC EMPLOYEES,
 DEPARTMENT OF LABOR AND INDUSTRY, COMMONWEALTH
 OF PENNSYLVANIA; WILLIAM SMITH;
 JOHN TORQUATO, JR., OWNER, COMPUTER
 TECHNOLOGY ASSOCIATES, INC. (CTA),
 NEWPORT BEACH, CALIFORNIA;
 JUDY ELLIS, PRESIDENT, CTA;
 HOBBS ACT
 (OO: PH)

Enclosed for the Bureau are the original and three
 copies of a self-explanatory LHM.

The Bureau will be kept advised of developments in
 captioned matter.

2cc crim. Pub. Integrity 194-4683-10
 1cc WCC
 ND 12.8.
 7/16/84

12 JUL 13 1984

2 - Bureau (Encs. - 4) (RM) 34
 2 - Philadelphia (194-C-361) (HRA)

REB:kak
 (4)

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)



U.S. Department of Justice

Federal Bureau of Investigation

Philadelphia, Pennsylvania

In Reply, Please Refer to
File No.

July 6, 1984

R. BUDD DWYER, TREASURER OF PENNSYLVANIA;
[REDACTED] TREASURY
DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA;
DAVID I. HERBERT, DIRECTOR, BUREAU OF
SOCIAL SECURITY FOR PUBLIC EMPLOYEES,
DEPARTMENT OF LABOR AND INDUSTRY, COMMONWEALTH
OF PENNSYLVANIA; WILLIAM SMITH;
JOHN TORQUATO, JR., OWNER, COMPUTER
TECHNOLOGY ASSOCIATES, INC. (CTA),
NEWPORT BEACH, CALIFORNIA;
JUDY ELLIS, PRESIDENT, CTA;
HOBBS ACT

On April 4, 1984, the Governor of Pennsylvania signed into law Senate amended House Bill number 1397 which gave the Treasurer of Pennsylvania the authorization to recover on behalf of the Commonwealth of Pennsylvania, along with the State school districts and other school entities, Social Security overpayments made by employees on sick leave for the years of 1979, 1980, and 1981. It further gave the Treasurer the power to take whatever action he deems reasonable to recover such overpayments.

On May 10, 1984, the Treasurer's office entered into a contract with Computer Technology Associates, Inc., (CTA) a California-based corporation, to recover the above-described funds. It is estimated that \$25 to \$40 million will be recovered under this program. The contract calls for CTA to be paid \$7.75 per person per year for this service, which, for the minimum recovery is approximately \$5 million. A proposal from a competing company, Arthur Young and Company, CPA, with a maximum cost of \$2.8 million for this contract, was rejected.

The Auditor General's office for the Commonwealth of Pennsylvania travelled to California and interviewed a former employee of CTA [REDACTED] who resides in Westminster,

194-4683-10

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

R. BUDD DWYER, TREASURER OF PENNSYLVANIA;
ET. AL.; HOBBS ACT

California. [] advised John Torquato is the real owner of CTA. However, to reflect this company to be minority owned, he lists one Judy Ellis as president and [] Torquato, with the assistance of one William Smith, attorney, b6 and presently chairman of the Dauphin County Republican Committee, b7C Harrisburg, Pa., was able to get the Legislature for the Commonwealth b6 of Pennsylvania to pass an amendment to an existing law allowing the b7C Treasurer of Pennsylvania to make the above-described recoveries. In addition, David I. Herbert, Director of Social Security for Public Employees for the Commonwealth of Pennsylvania, was allegedly flown to California to look over CTA's work. [] further advised Torquato had her send a \$1,000 check to the Pennsylvania Republican State Committee at Smith's request. She later claimed she was reimbursed this money by Torquato.

[] stated to receive the contract, CTA was to pay \$300,000 to the State Treasurer R. Budd Dwyer's campaign fund from the profits of the FICA recovery made for the school entities of Pennsylvania. [] for the Treasurer, was the committee head who subsequently selected CTA for the contract. In addition, [] stated an FICA analysis report at CTA, which was seen by former CTA employee, [] of Huntingdon Beach, California, had a breakdown of the Pennsylvania contract costs. This breakdown reflected the amount of \$100,000 to "Herbie", \$300,000 to "our guy", and \$200,000 to "others". "Herbie" was identified as Herbert and "our guy" was identified as Dwyer. In addition, [] alleges Pittsburgh, Pa., and Allegheny County, Pa., officials, identities unknown, received \$102,000 in payoffs for FICA recovery work for those areas performed by Torquato. She further states Herbert was very much involved in aiding CTA's efforts to obtain the contract and later getting the recoveries processed expeditiously. The Auditor General's office also contacted and interviewed former CTA employee [] who confirmed she observed the above-described contract cost analysis. The Pennsylvania Auditor General's office thereafter turned over this information to the FBI. It should be noted [] a Democrat, is running against Republican incumbent Treasurer Dwyer for the State Treasurer's position. [] will undoubtedly make available the above information to the media in the very near future.

The above information has been discussed with First Assistant United States Attorney James J. West, Middle District of Pennsylvania, Harrisburg, Pa., and it is his intention to pursue these allegations to their conclusion. He has requested the FBI to conduct an active and expeditious investigation to determine the validity of the allegations made.

PH0006 2410157Z

RR HQ

DE PH

R 270157Z AUG 84

FM PHILADELPHIA (194C-361) (HRA)

TO DIRECTOR (ROUTINE)

BT

U N C L A S

ATTENTION PAYROLL AND POSITION MANAGEMENT

R. BUDD DWYER, TREASURER, COMMONWEALTH OF PENNSYLVANIA; ET AL;

HOBBS ACT; OO:PHILADELPHIA

Budd Dwyer

CAPTIONED MATTER INVOLVES ALLEGATIONS THAT PAYOFFS AND OFFERS OF PAYOFFS TO OBTAIN F.I.C.A. CONTRACTS FROM VARIOUS GOVERNMENTAL UNITS. IN VIEW OF THE SERIOUSNESS OF THE ALLEGATIONS, THIS MATTER IS BEING WORKED AS A TOP PRIORITY CASE. AGENTS REQUIRED TO TRAVEL TO SANTA ANNA, CALIFORNIA, ON SUNDAY, AUGUST 19, 1984, IN CONNECTION WITH THIS INVESTIGATION.

PHILADELPHIA REQUESTS SUNDAY PREMIUM PAY BE AUTHORIZED FOR THE FOLLOWING AGENTS: SA [REDACTED] SSAN [REDACTED] SA [REDACTED]

[REDACTED] SAN [REDACTED]

BT

LD

RECEIVED
TELETYPE UNIT

28 AUG 84 02 36Z

FEDERAL BUREAU
OF INVESTIGATION

3
CCF

Exec. AD-Adm.	
Exec. AD-Inv.	
Exec. AD-LES	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	
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Legal Coun.	
Off. of Cong. & Public Affs.	
Rec. Mgnt.	
Tech. Servs.	
Training	b6
Telephone Rm.	b7C
Director's Sec'y	

194-4685-11
23 AUG 26 1984
RECEIVED

60 OCT 11 1984

3/1

FBI

TRANSMIT VIA:

- ☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

- ☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

- ☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 8/29/84

TO: DIRECTOR, FBI
 (ATTN: ELSUR INDEX)

FROM: SAC, PHILADELPHIA (194-361)

SUBJECT: R. BUDD DWYER, TREASURER,
COMMONWEALTH OF PENNSYLVANIA;
 et al;

HOBBS ACT, CPA
 (OO: PH)

Reference Buairtel to Philadelphia dated 7/16/84.

On 7/11/84 authorization was received from:

- ☐ FBIHQ Criminal Investigative Division (FBIHQ-CID)
☒ Department of Justice (DOJ)

for the consensual use of a nontelephone monitoring device in captioned matter.

Prior emergency authorization obtained regarding above: ☒ Yes ☐ No

The following information relates to the use of the equipment authorized that date:

- ☐ Its use aided in directing course of investigation.
☐ Its use obtained direct evidence.
☒ It was used, but no information of value was obtained.
☐ Its use furnished lead material.
☐ Its use gave protection to the Agent or other person equipped with device.
 (More than one of above may apply.)
☐ It was not used.

4 SEP 12 1984

Complete and submit within 30 days of expiration of **each and every** period of authorization granted for nontelephone consensual monitoring by either DOJ or FBIHQ-CID (whether an initial or a subsequent authorization), **and, if applicable**, for each extension or renewal thereof.

Transmit to FBIHQ in a **sealed brown envelope** labeled "Director, FBI, ELSUR Index,

FBIHQ."

2 - Bureau

1 - 194-361

1 - 66-6587 SUB B

(Field Office Investigative File)

(Field Office Control File)

(CM #1402-NT)

Approved: *[Signature]*

Transmitted

(Number)

(Time)

Per

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 9/19/84

b6
b7C

TO: DIRECTOR, FBI
 FROM: ACTING
 SAC, MOBILE (194C-274) (RUC)
 SUBJECT: R. BUDD DWYER, TREASURER OF PENNSYLVANIA;
[REDACTED] TREASURY
DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA;
DAVID L. HERBERT, DIRECTOR, BUREAU
OF SOCIAL SECURITY FOR PUBLIC EMPLOYEES,
DEPARTMENT OF LABOR AND INDUSTRY,
COMMONWEALTH OF PENNSYLVANIA;
WILLIAM SMITH;
JOHN TORQUATO, JR., OWNER,
COMPUTER TECHNOLOGY ASSOCIATES, INC. (CTA),
NEWPORT BEACH, CALIFORNIA;
JUDY ELLIS, PRESIDENT, CTA;
 HOBBS ACT
 OO: PHILADELPHIA

Re Mobile airtel to Bureau dated September 17, 1984.

Enclosed for Philadelphia only are:

1. The original and one copy of FD-302 interview of [REDACTED] City of Mobile.
2. A 1-A containing original notes of [REDACTED] interview.

② - Bureau
 2 - Philadelphia (194C-361) (HRA) (Enc. - 3)
 1 - Mobile (194C-274)
 DFC/slm
 (5)

12 SEP 24 1984

1 cc - wcc
 ND 1-2-2
 9/25/84

Approved: *Alb. Jam*

Transmitted

(Number)

(Time)

Per

4 MAY 16 1985

3. The original and one copy of FD-302 with
a) Receipt of document from [redacted]
[redacted] and photocopy of document cover
entitled, "CTA Ltd. Systems Application
for FICA Recovery, [redacted]
City of Mobile, Alabama."
b) [redacted] to [redacted]
[redacted] signed JOHN TORQUATO, CTA Ltd.,
Vice President Marketing.
c) Fees, Terms, Guarantees and Conditions
which are pages 1, 2 and 3 of the CTA Ltd.
Systems Application for FICA Recovery
booklet.

b6
b7C

As requested by Philadelphia, Mobile Division will
retain the original book as evidence in the Mobile Office.

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 9/17/84

TO: DIRECTOR, FBI

FROM: ACTING SAC, MOBILE (194C-274)

SUBJECT: R. BUDD DWYER, Budd Dwyer
Treasurer of Pennsylvania;

Treasury Department,
Commonwealth of Pennsylvania;
DAVID I. HERBERT,
Director,
Bureau of Social Security for Public Employees,
Department of Labor and Industry,
Commonwealth of Pennsylvania;
WILLIAM SMITH;
JOHN TORQUATO, JR.,
Owner,
Computer Technology Associates, Inc., (CTA),
North Beach, California;
JUDY ELLIS,
President, CTA;
HOBBS ACT;
OO: PHILADELPHIA

Re Philadelphia airtel to Director, dated 8/10/84.

Referenced airtel requested Mobile interview [REDACTED]

[REDACTED] City of Mobile, re his contacts
 with subject TORQUATO [REDACTED] and CTA officials concerning
 FICA proposal made for recovery of FICA funds for employees
 of the City of Mobile.

For the information of Philadelphia, as FBIHQ is aware,
 in the case captioned [REDACTED]
 dba AZALEA CITY PRODUCTIONS; ET AL; FBW; MF; ITSP, Mobile file
 196B-752, the principal subjects of this investigation were

2 - Bureau
 2 - Philadelphia (194C-361) (HRA)
 2 - Mobile
 DFC/mel

(6)

Approved: als/jm

Transmitted

(Number)

(Time)

Per

17 SEP 20 1984

MO 194C-274

the manager and assistant manager of the Mobile Municipal Auditorium. (MMA).

Investigation by the Mobile Division has disclosed that fraudulent activity, including the utilization of double settlement sheets, the utilization of roll tickets, in addition to pre-printed tickets, and the rip-off of concessions, amounted to hundreds of thousands of dollars. This fraudulent activity concerned primarily musical groups which appeared at the Mobile Municipal Auditorium, which can seat approximately 16,000 people for such concerts. Trial of [redacted] and [redacted] was to commence August 20, 1984 in U.S. District Court, Mobile, Alabama, which would involve the appearance of 91 out-of-state witnesses. [redacted]

[redacted] holds fiscal responsibility and supervisory control of the management of the Mobile Municipal Auditorium.

b6
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On August 15, 1984, defense attorney for Auditorium [redacted] indicated to the U.S. Attorney's Office and to the FBI that his client was desirous to cooperate and could provide testimony linking [redacted] to the auditorium investigation. On this date, [redacted] was extensively interviewed by FBI Agents in the presence of his attorney. [redacted] statement essentially was that [redacted] utilizing his official position as [redacted] of the auditorium operation, would ask for and receive monies from both [redacted] and [redacted] monies which [redacted] knew were proceeds from concerts and should have either been paid to the agent or talent of the concert, or monies that belonged to the City of Mobile.

On August 16, 1984, defense counsel for [redacted] [redacted] contacted the U.S. Attorney's Office and the FBI and advised that his client likewise desired to cooperate in this investigation in exchange for a plea bargaining arrangement. [redacted] could provide substantially the same type of testimony in that [redacted] using his official position, had a long continuing practice of asking for and receiving money from proceeds of the auditorium operation and that this practice had been ongoing since [redacted]

b6
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MO 194C-274

[REDACTED]

On 9/12/84, a Federal Grand Jury at Mobile, Alabama,

[REDACTED]

b6
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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 10/5/84

TO: DIRECTOR, FBI
 (Attention: FBI Laboratory, Document
 Section, Room 3206)

FROM: SAC, PHILADELPHIA (194C-361) (HRA) (P)

SUBJECT: R. BUDD DWYER, TREASURER,
COMMONWEALTH OF PENNSYLVANIA;
ET AL
HOBBS ACT CPO
 (OO: PHILADELPHIA) *Budd Dwyer*

41011005

Enclosed for the FBI Laboratory Document Section, Room 3206,
 is one cash disbursement ledger sheet.

For the information of the FBI Laboratory Document Section,
 PH is conducting an investigation into bribes and/or payoffs in
 connection with the awarding of FICA recovery contracts. One of the
 contracts under investigation was for the recovery of FICA funds for
 the City of Pittsburgh. A computerized cost analysis for the City
 of Pittsburgh reflects a \$10,000 amount to an outside partner by the
 name of [REDACTED] has been identified as [REDACTED]
 [REDACTED] of Pittsburgh City Council. Investigation has disclosed
 a check in the amount of \$6,374.86 paid to and deposited by [REDACTED]
 from ALAN STONEMAN, an attorney representing subject, JOHN TORQUATO.

Records obtained from Attorney STONEMAN reflect that a peg-
 board system was used for cash disbursements. A review of line 14
 of the cash disbursements register reveals that the explanation and
 account classification number (6) have been changed. PH has been
 unable to determine what appeared in these positions prior to erasure.

PH received this document on 10/5/84 and indictment is [REDACTED]

③ Bureau (Enc. 1)
 2- Philadelphia (194C-361) (HRA)

REB:der
 (5)

-1-

Approved: _____

Transmitted _____

(Number)

(Time)

Per _____

COPY AND SPECIMENS RETAINED IN LAB

INDEX ECD

PH 194C-361

[redacted]
[redacted] as soon as possible.

REQUEST OF THE FBI LABORATORY DOCUMENT SECTION, ROOM 3206:

The Document Section is requested to examine line 14 of the enclosed disbursement register on the side labeled Disbursement Register which reads [redacted] and telephonically furnish the results to Harrisburg RA as set forth above.

b6

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b6

b7C

REPORT
of theFEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535

To: SAC, Philadelphia (194C-361)(HRA)

November 5, 1984

FBI FILE NO.

LAB. NO.

41011005 D UE

Re: R. BUDD DWYER, TREASURER,
COMMONWEALTH OF PENNSYLVANIA;
ET AL;
HOBBS ACT

OO: Philadelphia

Examination requested by: Philadelphia

Reference: Communication dated October 5, 1984

Examination requested: Document

Specimens received: October 11, 1984

Specimen:

Q1 Cash disbursement ledger sheet

Result of examination:

It could not be determined what was erased in the areas under the "6" and "CTA, LTD legal fees for JT" on line 14 of the Q1 disbursements register.

Specimen Q1 is returned herewith.

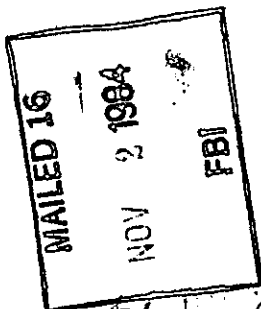
Enclosure

ENCLOSURE
ENCLOSURE ATTACHED

LRW:cc#43 (4)

194-4683-17

NOV 3 1984



MAIL ROOM

FBI/DOJ

RECORDED
10/12/84
sgc

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Laboratory Work Sheet

10/11/84

b6

b7C

To: SAC, Philadelphia (194C-361) (HRA)

FBI FILE NO.

194-4683-17

LAB. NO.

410011005 D UE

b6

YOUR NO.

b7C

Re: R. BUDD DWYER, TREASURER,
COMMONWEALTH OF PENNSYLVANIA;
ET AL;
HOBBS ACT

Examination by:

OO: Philadelphia

Examination requested by: Philadelphia

Reference: Communication dated October 5, 1984

Examination requested: Document

Specimens received: October 11, 1984

Specimen:

Q1 ~~An original~~ Cash disbursement ledger sheet

INDENTATIONS in "6" block are "25". ~~Other~~

Something else erased there also.

Nothing left under rest.

Much of Q1 is carbon copy

Results over

↑
Appears not to
be connected with
what was erased.

Results:

It could not be determined what was
erased in the areas under the "6" and
"CTA, LTD legal fees for JT" on line 14
of the Q1 Disbursements Register.

Specimen Q1 is returned herewith.

Examiner's Name _____

Date

10/12

Lab #

4101

b6
b7C 25-11E**Recognition Section:**

1. _____	10. _____	19. _____	28. _____
2. _____	11. _____	20. _____	29. _____
3. _____	12. _____	21. _____	30. _____
4. _____	13. _____	22. _____	31. _____
5. _____	14. _____	23. _____	32. _____
6. _____	15. _____	24. _____	33. _____
7. _____	16. _____	25. _____	34. _____
8. _____	17. _____	26. _____	35. _____
9. _____	18. _____	27. _____	36. _____

National Fraudulent Check File

Date Searched	Date Added
--------------------------	-----------------------

_____	_____	Signature Section
_____	_____	Company Name File
_____	_____	Checkwriter Section - Classified as _____
_____	_____	Gimmick Section
_____	_____	Master Check Section
_____	_____	Counterfeit Travelers Checks
_____	_____	Counterfeit Money Orders
_____	_____	Counterfeit Checks
_____	_____	Altered Travelers Checks
_____	_____	Altered Money Orders
_____	_____	Raised Bank Checks
_____	_____	Checks prepared with False "Certified" Impressions
_____	_____	Checks prepared with Press-On Letters

Stolen Money Orders & Travelers Checks Section:**Travelers Checks - Type**

From

To #

_____	_____	_____
_____	_____	_____
_____	_____	_____

Money Orders - Type

_____	_____	_____
_____	_____	_____
_____	_____	_____

Photographed: _____

Date: _____

Roll #: _____

OCT 15 83

Evidence Files Searched

	Section(s) Searched	Date Searched	Section(s) Added	Date Added
Art	_____	_____	_____	_____
Bank Robbery Note File	_____	_____	_____	_____
Motor Vehicle Title	_____	_____	_____	_____
Anonymous Letter File:	_____	_____	_____	_____

Motive _____

Typewriter Information:

State(s) _____

VIP _____

Bombing _____

Other _____

Standards Files Searched

	Date Searched
Tire Tread	_____
Shoe Print	_____
Typewriter	_____
Watermark	_____
Office Copier	_____
Safety Paper	_____
Computer Print Out	_____

Remarks: _____

RECORDED
10/12/84
sgc

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Laboratory Work Sheet

10/11/84
b6
b7C

To: SAC, Philadelphia (194C-361) (HRA)

FBI FILE NO. 1 / 4683

LAB. NO. 410011005 D UE

Re: R. BUDD DWYER, TREASURER,
COMMONWEALTH OF PENNSYLVANIA;
ET AL;
HOBBS ACT

YOUR NO.

Examination by:

OO: Philadelphia

Examination requested by: Philadelphia

Reference: Communication dated October 5, 1984

Examination requested: Document

Specimens received: October 11, 1984

Specimen:

Q1 ~~An original~~ Cash disbursement ledger sheet

Q1 returned with report
dated 11/5/84
ARM

410/1005

UE

NOTICE

DOCUMENT CANNOT BE SCANNED

DESCRIPTION

Negative

RECEIVED
TELETYPE UNIT

26 OCT 84 0131

FEDERAL BUREAU
OF INVESTIGATION

PH0020 3000125Z

RR HQ

DE PH

R 250125Z OCT 84

FM SAC, PHILADELPHIA (194C-361) (HRA) (P)

TO DIRECTOR, FBI ROUTINE

BT

UNCLAS

R. BUDD DWYER; ET AL; HOBBS ACT; ITAR-BRIBERY; CONSPIRACY

FRAUD

RE BUREAU TELEPHONE CALL FROM SA [REDACTED] TO HRA

OCTOBER 25, 1984.

FOR THE INFORMATION OF THE BUREAU, SUBJECTS TORQUATO, ELLIS, HERBERT, SMITH AND STONEMAN WERE INDICTED BY A FEDERAL GRAND JURY ON OCTOBER 22, 1984, AT HARRISBURG, PA. AND WARRANTS ISSUED. SUBJECTS ARE BEING ALLOWED TO SURRENDER. SUBJECT SMITH APPEARED BEFORE U.S. MAGISTRATE M.D.P.A. OCTOBER 24, 1984, AND WAS RELEASED ON \$10,000 O.R. BOND. SUBJECT HERBERT APPEARED ON OCTOBER 25, 1984, AND WAS RELEASED ON O.R. BOND. SUBJECT TORQUATO APPEARED ON OCTOBER 25, 1984 AND WAS RELEASED ON \$150,000 BOND, AFTER SURRENDERING HIS PASSPORT. SUBJECTS STONEMAN AND ELLIS ARE SCHEDULED TO SURRENDER ON

Exec. AD-Adm.	
Exec. AD-Inv.	
Exec. AD-LES	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	<i>DBE</i>
Ident.	
Inspection	
Intell.	
Laboratory	
Legal Coun.	
Off. of Cong. & Public Affs.	
Rec. Mgnt.	
Tech. Servs.	
Training	
Telephone Rm.	
Director's Sec'y	

b6
b5
b7C

TO HRA

194-4605-18

OCT 30 1984

316
66DEC1 1984

PAGE TWO, PH 194C-361, U N C L A S

OCTOBER 31, 1984. ARRAIGNMENT HAS NOT BEEN SCHEDULED AT THIS
TIME.

b6
b7C

[REDACTED]

[REDACTED] ALSO MENTIONED IN THE INDICTMENT WAS AN ENTRY
IN THE COMPUTER OF SUBJECT TORQUATO OF \$300,000 FOR SOMEONE NAMED
DWYER, HOWEVER TREASURER DWYER WAS NOT CHARGED.

DUE TO THE STATE ELECTION, THIS INDICTMENT IS RECEIVING
EXTENSIVE PRESS COVERAGE IN PENNSYLVANIA.

[REDACTED]

INDICTMENT IN THIS MATTER WAS DELAYED ONE WEEK BECAUSE ON
OCTOBER 15, 1984, SUBJECT HERBERT REQUESTED AND FAILED AN FBI
POLYGRAPH EXAMINATION, AFTER WHICH HE ENTERED INTO A PLEA AGREEMENT

PAGE THREE, PH 194C-361, U N C L A S

WITH THE UNITED STATES ATTORNEY'S OFFICE, MOPA. SUBJECT HERBERT
WILL PLEA GUILTY TO ONE FIVE YEAR COUNT IN EXCHANGE FOR COMPLETE
COOPERATION AND HIS TESTIMONY. SUBJECT HERBERT WAS INTERVIEWED
IN DETAIL ON OCTOBER 16, 1984 AND CORROBORATES MUCH OF WHAT WAS
ALREADY KNOWN AND PROVIDED ADDITIONAL INFORMATION. [REDACTED]

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b7C

COOPERATION HAS NOT BEEN MADE PUBLIC AT THIS TIME.

INVESTIGATION BY THE FBI AND FEDERAL GRAND JURY CONTINUING
IN HARRISBURG AND PITTSBURGH TO DEVELOP FURTHER INFORMATION ON
THOSE INDIVIDUALS WHO MAY HAVE AGREED TO ACCEPT OR DID ACCEPT,
ILLEGAL OFFERS OR PAYMENTS IN THIS MATTER.

b6
b7C

COPY OF INDICTMENT FORWARDED TO SA [REDACTED] UNDER SEPARATE
COVER.

BT

PHO 0413 2930305Z

RR HQ

DE PH

R 180305Z OCT 84

19 OCT 04 03 15

FM PHILADELPHIA (1940-361) (HR)
OF INVESTIGATION

DIRECTOR ROUTINE

BT

UNCLAS

CHANGED: R. BUDD DWYER, TREASURER OF PENNSYLVANIA

TREASURY DEPARTMENT, COMMONWEALTH

OF PENNSYLVANIA; DAVID I. HERBERT, DIRECTOR, BUREAU OF
SOCIAL SECURITY FOR PUBLIC EMPLOYEES, DEPARTMENT OF LABOR
AND INDUSTRY, COMMONWEALTH OF PENNSYLVANIA; WILLIAM SMITH;
JOHN TORQUATO, JR., OWNER, COMPUTER TECHNOLOGY ASSOCIATES, INC.,
(CTA), NEWPORT BEACH, CA; JUDY ELLIS, PRESIDENT, CTA; ALAN
ROGERS STONEMAN, ATTORNEY, CTA; HOBBS ACT, OO: PH.

TITLE MARKED CHANGED TO INCLUDE CTA ATTORNEY, ALAN ROGERS
STONEMAN.

V-28

RE PHILADELPHIA AIRTEL TO THE BUREAU AUGUST 10, 1984.

FOR THE INFORMATION OF THE BUREAU, U.S. ATTORNEY, DAVID
DART QUEEN, ADPA, HARRISBURG, PA, INTENDS TO PRESENT INDICTMENT

Exec. AD-Adm.	
Exec. AD-Inv.	
Exec. AD-LES	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Laboratory	
Legal Coun.	
Off. Cong. & Public Affairs	
Rec. Mgmt.	
Tech. Servs.	

b6
b7C

3 1985

PAGE TWO, PH 194C-361, UNCLAS

TO THE FEDERAL GRAND JURY SITTING IN HARRISBURG, PA, ON OCTOBER 22, NEXT, AND ANNOUNCE THIS INDICTMENT IN A PRESS CONFERENCE SCHEDULED FOR THE AM OF OCTOBER 23. AS OF THIS DATE, THE USA INTENDS TO INDICTE SUBJECTS, TURQUATO, ELLIS, HERBERT, SMITH AND STONEMAN FOR VIOLATIONS OF ITAR-BRIBERY, MAIL FRAUD AND CONSPIRACY. THESE CHARGES WILL SET FORTH INFORMATION REFLECTING ATTEMPTS TO BRIBE PUBLIC OFFICIALS IN PENNSYLVANIA INCLUDING THE TREASURER OF THE COMMONWEALTH OF PENNSYLVANIA AND THE PENNSYLVANIA ATTORNEY GENERAL IN RETURN FOR FAVORABLE CONSIDERATION CONCERNING CIA'S ATTEMPTS TO OBTAIN AND IMPLEMENT THE PENNSYLVANIA STATE FICA RECOVERY CONTRACT.

THE BUREAU WILL BE KEPT APPRISED OF THE PROGRESS IN THIS MATTER AND A COPY OF THE INDICTMENT WILL BE FORWARDED UPON RECEIPT.

BT

ACCOMPLISHMENT REPORT (Effective 10/1/84)

(Submit within 30 days from date of accomplishment)

Date 10/31/84

TO: DIRECTOR, FBI

FROM: SAC, Philadelphia

SUBJECT: R. BUDD DOWYER;
TREASURER, COMMON-
WEALTH OF PENNSYLVANIA;
ET AL
HOBBS ACT-CONSPIRACY
ITAR BRIBERY; MAIL
FRAUD

Bureau File Number

194C-361

Field Office File Number

4220

Investigative Assistance or Technique Used

Were any of the investigative assistance or techniques listed below used in connection with accomplishment being claimed? ☐ No ☒ Yes - If Yes, rate each used as follows:

- 1 = Used, but did not help
2 = Helped, but only minimally
3 = Helped, substantially
4 = Absolutely essential

1. Acctg Tech Assistance
2. Aircraft Assistance
3. Computer Assistance
4. Consensus Monitoring
5. ELSUR - FISC

6. ELSUR - Title III
7. Hypnosis Assistance
8. Ident Div Assistance
9. Informant Information
10. Lab Div Exams

11. Lab. Div. Field Supp
12. Pen Registers
13. Photograph Coverage
14. Polygraph Assistance
15. Search Wa Executed

16. Show Money Usage
17. Surveil. Sqd Asst
18. SWAT Team
19. b6
20. b7C
21. b7E
22. Analysis (VIA)

☐ If a joint operation with another Federal, State or Local LE agency **
☒ Case involves corruption of a public official (Federal, State or Local).

A. Preliminary Judicial Process (Number of subjects)	Complaints	Informations	Indictments	D. Recoveries, Restitution Property or PELP Type Code	Recoveries	Restitutions	Court Ordered Forfeitures	Economic Loss Prevented (PELP)
			5					
B. Arrests, Locates, Summonses & Subpoenas (No. of subjects)	Subject Priority (See Reverse)							
	A	B	C					
	FBI Arrests							
	FBI Locates			5				
Number of Subjects of FBI Arrests Who Physically Resisted				0				
Number of Subjects of FBI Arrests Who Were Armed				0				
Criminal Summons				-				
Subpoenas Served				50				
C. Release of Hostages or Children Located: (Number of Hostages or Children Located)				E. Civil Matters		Government Defendant		Government Plaintiff
Hostages Held By Terrorists				Amount of Suit		\$		\$
Missing or Kidnapped Children Located				Settlement or Award		\$		\$
								Enter AFA Payment Here

F. Final Judicial Process: Judicial District		District		State	Dates	Convictions (or Final Judicial Process) Date	Sentence Date
Subject 1 - Name		Subject's Description Code*					
<input type="checkbox"/> Pretrial <input type="checkbox"/> Diversion <input type="checkbox"/> Dismissal <input type="checkbox"/> Acquittal	-Convictions- Enter conviction and sentence data in space at right. If more than four sections are involved, limit to the four most relevant. Do not report conviction until sentence has been pronounced.	<input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor <input type="checkbox"/> Plea <input type="checkbox"/> Trial	Conviction			Combined Sentence	
			Title	Section	Counts	In-Jail Term	Suspended
			Consecutive Sentences - Add all consecutive sentences together. Concurrent Sentences - Enter longest single term. Do not add concurrent sentences together. If the sentence is 10 years in custody of the Atty Gen, but 8 years are suspended, the In-Jail term would be 2 years.				
Subject 2 - Name		Subject's Description Code*					
<input type="checkbox"/> Pretrial <input type="checkbox"/> Diversion <input type="checkbox"/> Dismissal <input type="checkbox"/> Acquittal	-Convictions- Enter conviction and sentence data in space at right. If more than four sections are involved, limit to the four most relevant. Do not report conviction until sentence has been pronounced.	<input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor <input type="checkbox"/> Plea <input type="checkbox"/> Trial	Conviction			Combined Sentence	
			Title	Section	Counts	In-Jail Term	Suspended
			Consecutive Sentences - Add all consecutive sentences together. Concurrent Sentences - Enter longest single term. Do not add concurrent sentences together. If the sentence is 10 years in custody of the Atty Gen, but 8 years are suspended, the In-Jail term would be 2 years.				
Subject 3 - Name		Subject's Description Code*					
<input type="checkbox"/> Pretrial <input type="checkbox"/> Diversion <input type="checkbox"/> Dismissal <input type="checkbox"/> Acquittal	-Convictions- Enter conviction and sentence data in space at right. If more than four sections are involved, limit to the four most relevant. Do not report conviction until sentence has been pronounced.	<input type="checkbox"/> Felony <input type="checkbox"/> Misdemeanor <input type="checkbox"/> Plea <input type="checkbox"/> Trial	Conviction			Combined Sentence	
			Title	Section	Counts	In-Jail Term	Suspended
			Consecutive Sentences - Add all consecutive sentences together. Concurrent Sentences - Enter longest single term. Do not add concurrent sentences together. If the sentence is 10 years in custody of the Atty Gen, but 8 years are suspended, the In-Jail term would be 2 years.				

Attach additional forms if reporting final judicial process on more than three subjects, and submit a final disposition form (R-84) for each subject.

Remarks:

Subjects JOHN R. TORQUATO, ALAN STONEMAN, JUDY ELLIS, DAVID I. HERBERT, and WILLIAM SMITH indicted by a Federal Grand Jury, MDPA, on 10/22/84, in a 16-count indictment charging mail fraud, ITAR-Bribery and Conspiracy and warrants issued. Subjects were allowed to surrender at their initial appearances and are currently free on bond pending trial.

194C-361; 1- SSS [redacted] HRA
 *See codes on reverse side. Subject description codes in Section F are
 **In joint operations, identify the other Federal, State or Local Law Enforcement (LE) agency in the Remarks Section.

DFJ/REB:der

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Property Type Codes*

Code No	Description
1	Cash (U.S. and foreign currency)
2	Stock, Bonds or Negotiable Instruments (checks, travelers checks, money orders, certificates of deposit, etc)
3	General Retail Merchandise (clothing, food, liquor, cigarettes, TVs, etc)
4	Vehicles (autos, trucks, tractors, trailers, campers, motorcycles, etc)
5	Heavy Machinery & Equipment (heavy equipment, computers, etc)
6	Bulk Materials (grain, fuel, raw materials, metals, wire, etc)
7	Jewelry (including unset precious and semiprecious stones)
8	Precious Metals (gold, silver, silverware, platinum, etc)
9	Art, Antiques or Rare Collections
10	Dangerous Drugs
11	Weapons or Explosives
12	Businesses or Assets Forfeited
20	All Other Recoveries (not falling in any category above)

Potential Economic Loss Prevented (PELP) Type Codes*

Code No	Description
22	Counterfeit Stocks, Bonds, Currency or Negotiable Instruments
23	Counterfeit or Pirated Sound Recordings or Motion Pictures
24	Bank Theft Scheme Aborted
25	Ransom, Extortion or Bribe Demand Aborted
26	Theft from, or Fraud Against, Government Scheme Aborted
27	Commercial or Industrial Theft Scheme Aborted
30	All Other Potential Economic Loss Prevented (not falling in any category above)

JAN 31 1985

*The case file must contain an explanation of the computation of the recovery value or loss prevented. An explanation airtel must accompany this report if the recovery is \$1 million or more, or if the PELP is \$5 million or more.

Subject Description Codes*

- Enter Description Code Only When Reporting a Conviction -

Organized Crime Subjects:

- 1A Boss, Underboss or Consigliere
- 1B Capodecina or Soldier
- 1C Possible LCN Member or Associate
- 1D OC Subject Other Than LCN

Known Criminals (Other Than OC Members):

- 2A Top Ten or I.O. Fugitive
- 2B Top Thief
- 2C Top Con Man

Foreign Nationals:

- 3A Legal Alien
- 3B Illegal Alien
- 3C Foreign Official Without Diplomatic Immunity
- 3D U.N. Employee Without Diplomatic Immunity
- 3E Foreign Students
- 3F All Others

Terrorists:

- 4A Known Member of a Terrorist Organization
- 4B Possible Terrorist Member or Sympathizer

Union Members:

- 5A International or National Officer
- 5B Local Officer
- 5C Union Employee

Government Officials Or Employees:

Federal	State	Local
6A Presidential Appointee	6J Governor	6R Mayor
6B U.S. Senator	6K Lt. Governor	
6C U.S. Representative	6L Legislator	6S Legislator
6D Judge	6M Judge	6T Judge
6E Prosecutor	6N Prosecutor	6U Prosecutor
6F Law Enforcement Officer	6P Law Enforcement Officer	6V Law Enforcement Officer
6G Fed Exec - GS 13 & above	6Q All Others - State	6W All Others - Local
6H Fed Empl - GS 12 & below		

Bank Officers or Employees:

- 7A Bank Officer
- 7B Bank Employee

All Others:

- 8A All Other Subjects (not fitting above categories)

*If a subject can be classified in more than one of the categories, select the most appropriate in the circumstance.

Instructions

Subject Priorities for FBI Arrest or Locates:

- A - Subject wanted for crimes of violence (i.e. murder, manslaughter, forcible rape, robbery and aggravated assault) or convicted of such crimes in the past five years.
- B - Subjects wanted for crimes involving the loss or destruction of property valued in excess of \$25,000 or convicted of such crimes in the past five years.
- C - All others

Claiming Convictions Other Than Federal:

It is permissible to claim a local (state, county or local) conviction if the FBI's investigation significantly contributed to the successful local prosecution. A succinct narrative setting forth the basis for claiming a local conviction must accompany this report. When claiming a conviction other than Federal, enter the word "LOCAL" in the Conviction-Section" block, disregard the number of conviction counts, but enter the sentence in the appropriate blocks. Enter "LF" in the "In-Jail" block for all life sentences and "CP" for all capital punishment sentences.

Reporting Convictions:

Convictions should not be reported until the sentence has been issued. There are two exceptions to this rule. The conviction information can be submitted by itself if:

- 1. The subject becomes a fugitive after conviction but prior to sentencing.
- 2. The subject dies after conviction but prior to sentencing.

An explanation is required in the Remarks section for either of the above exceptions.

Rule 20 Situations:

The field office that obtained the process (normally the office of origin) is the office that should claim the conviction, **not** the office where the subject enters the plea in cases involving Rule 20 of the Federal Rules of Criminal Procedures.

Investigative Assistance or Techniques (IA/Ts) Used:

-Since more than one IA/T could have contributed to the accomplishment, each IA/T must be rated.

-The IA/T used must be rated **each time** an accomplishment is claimed. (For example - if informant information was the basis for a complaint, an arrest, a recovery and a conviction and if separate FD-515s are submitted for each of the aforementioned accomplishments, the "Informant Information" block must be rated on each FD-515 even if it was the same information that contributed to all the accomplishments.)

A
K

1 [redacted] b6
b7C

SAC, Philadelphia (194-361)
(Attention: SA [redacted])

11/23/84

b6
b7C

Director, FBI

R. BUDD DWYER;
ET AL;
HOBBS ACT

Budd Dwyer

3

OO: Philadelphia

A technical review of the polygraph examination documents pertaining to the examination of [redacted] on 10/15/84 has been completed. This review discloses that the examination is satisfactory in all aspects and review personnel concur with the results of the examination.

All documents are enclosed herewith, for appropriate filing.

Enclosures (8)

1 - Philadelphia (94-454)

10:ddb (5)

MAILED 5
NOV 26 1984
FBI

- Exec AD Adm. _____
- Exec AD Inv. _____
- Exec AD LES _____
- Ast. Dir.: _____
- Adm. Servs. _____
- Crim. Inv. _____
- Ident. _____
- Insp. _____
- Intell. _____
- Lab. _____
- Legal Coun. _____
- Off. Cong. & Public Affs. _____
- Rec. Mgnt. _____
- Tech. Servs. _____
- Training _____
- Telephone Rm. _____
- Director's Sec'y _____

2. ENCLOSURE

78
V-96

DE-233 194-4683 20

NOV 25 1984

MAIL ROOM ☒

FBI/DOJ

Memorandum



Exec AD Adm. _____
 Exec AD Inv. _____
 Exec AD LES _____
 Asst. Dir.:
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Insp. _____
 Intell. _____
 Lab. _____
 Legal Coun. _____
 Off. Cong. & Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____
 Telephone Rm. _____
 Director's Sec'y _____

To : Mr. Revell

Date 11/20/84

From :

Subject : R. BUDD DWYER, TREASURER OF PENNSYLVANIA;

TREASURY DEPARTMENT, COMMONWEALTH OF PENNSYLVANIA;
 DAVID I. HERBERT, DIRECTOR, BUREAU OF SOCIAL SECURITY
 FOR PUBLIC EMPLOYEES, DEPARTMENT OF LABOR AND INDUSTRY,
 COMMONWEALTH OF PENNSYLVANIA;
 WILLIAM SMITH, JOHN TORQUATO, OWNER; JUDY ELLIS,
 PRESIDENT, COMPUTER TECHNOLOGY ASSOCIATES, INC.,
 NEWPORT BEACH, CALIFORNIA;
 HOBBS ACT - CPO
 OO: PHILADELPHIA

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 3
 12/1/84

PURPOSE: To advise of captioned matter.

RECOMMENDATION: None. For information only.

APPROVED: _____
 Director _____
 Exec. AD-Adm. _____
 Exec. AD-Inv. _____
 Exec. AD-LES _____
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Inspection _____
 Intell. _____
 Laboratory _____
 Legal Coun. _____
 Off. of Cong. & Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____

DETAILS: On 4/4/84, the Governor of Pennsylvania signed into law Senate Bill #1397, which gave the Treasurer of Pennsylvania the authority to recover on behalf of the Commonwealth of Pennsylvania Social Security over-payments made by employees on sick leave for the years 1979, 1980, and 1981. It further gave the Treasurer the power to take whatever action he deems reasonable to recover such over-payments for the employees.

- 1 - Mr. Revell
- 1 - Mr. Clarke

1 - [Redacted]
 1 - [Redacted]
 1 - [Redacted]

NFD:lvh (6)

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(CONTINUED - OVER)

194-4673-21

66 JAN 2 1985

[redacted] to Mr. Revell Memorandum
Re: R. BUDD DWYER, TREASURER OF PENNSYLVANIA;

On 5/10/84, the Treasurer's Office entered into a contract with Computer Technology Associates (CTA), a California based corporation to recover the above-described funds. It was estimated that the recovery value would be approximately 25 to 40 million dollars. The contract calls for CTA to receive \$7.75 per person for each year refunds were owed for a minimum recovery of 5 million dollars. A proposal from a competing company, Arthur Young and Company, CPAs, indicated a maximum cost of 2.8 million dollars for the contract which was rejected by the Treasurer's Office.

On 6/25/84, [redacted] for the Commonwealth of Pennsylvania provided the FBI with the results of his offices' investigation which indicated that CTA had obtained the above-described contracts by promising kickbacks to subject R. Budd Dwyer, Treasurer for the Commonwealth of Pennsylvania. [redacted] a former CTA employee, has indicated that CTA owner John Torquato had promised to pay \$300,000 to the re-election campaign of Dwyer to obtain the above contracts. In addition, \$100,000 was to be paid to David Herbert, Director of the Bureau of Social Security for Public Employees in Pennsylvania, and \$200,000 was earmarked for "others". [redacted] learned of these matters through conversations with Torquato and from an individual named [redacted] a CTA computer programmer, who placed this information and figures into the home computer in Torquato's home which doubles as an office for CTA. b6 b7C

On 7/6/84, a search warrant was executed at Torquato's home located at 214 Colton Street, Newport Beach, California. Numerous computer related and financial records were seized which provided documentation regarding the allegations of [redacted] b6 b7C

On 10/22/84, a Federal grand jury at Harrisburg, Pennsylvania indicted John R. Torquato, Judy Ellis, William T. Smith, Jr., attorney, Alan R. Stoneman, attorney, David I. Herbert, and Computer Technology Associates, Inc. charging 16 counts of Mail Fraud, Conspiracy, and Interstate Transportation in Aid of Racketeering (mail fraud and state bribery). The indictment [redacted] n

[redacted] although neither of these individuals were charged in the indictment. Also mentioned in the indictment was an entry in the computer of subject Torquato of \$300,000 for someone named Dwyer, however Treasurer Dwyer was not charged.

[redacted] to Mr. Revell Memorandum
Re: R. BUDD DWYER, TREASURER OF PENNSYLVANIA;

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Investigation determined [redacted] knew of the \$100,000 campaign contribution offer made to his press secretary on the day the offer occurred, but no investigation was undertaken until approximately five weeks later, after the FBI investigation began.

The indictment in this matter was delayed one week because on 10/15/84, subject Herbert requested and failed an FBI polygraph examination, after which he entered into a plea agreement with the United States Attorney's Office, MDPA. Subject Herbert * will plead guilty to one five year count in exchange for complete cooperation and his testimony. Subject Herbert was interviewed in detail of 10/16/84 and corroborates much of what was already known and provided additional information. [redacted]

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[redacted] Subject Herbert's plea agreement and cooperation has not been made public at this time.

Investigation by the FBI and Federal grand jury is continuing in Harrisburg and Pittsburgh to develop further information on those individuals who may have agreed to accept or did accept, illegal offers or payments in this matter.

** Director, Bureau of Social Security For Public Employees,
State of Pennsylvania.*

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FM PHILADELPHIA (194C-361) (HRAS) (P) BUREAU OF INVESTIGATION

TO DIRECTOR (ROUTINE)

BT

U N C L A S

Budd Dwyer

Exec. AD-Adm.	
Exec. AD-Inv.	
Exec. AD-LES	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	<i>OK</i>
Ident.	
Inspection	
Intell.	
Laboratory	
Legal Coun.	
Off. of Cong. & Public Affs.	
Rec. Mgnt.	
Tech. Servs.	b6
Training	b7C

CHANGED: R. BUDD DWYER; TREASURE OF PENNSYLVANIA, [REDACTED]

b6

[REDACTED] TREASURY DEPARTMENT [REDACTED]

b7C

COMMONWEALTH OF PENNSYLVANIA; DAVID I. HERBERT; FORMER DIRECTOR, [REDACTED]

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BUREAU OF SOCIAL SECURITY FOR PUBLIC EMPLOYEES, DEPARTMENT OF LABOR

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AND INDUSTRY, COMMONWEALTH OF PENNSYLVANIA; [REDACTED]

[REDACTED] COMMONWEALTH OF PENNSYLVANIA [REDACTED]

[REDACTED] COMMONWEALTH OF PENNSYLVANIA; [REDACTED]

[REDACTED] COMMONWEALTH OF PENNSYLVANIA; [REDACTED]

COMMONWEALTH OF PENNSYLVANIA; ROBERT ASHER; CHAIRMAN OF THE
REPUBLICAN STATE COMMITTEE FOR THE COMMONWEALTH OF PENNSYLVANIA;

WILLIAM T. SMITH; CO-CHAIRMAN, DAUPHIN COUNTY REPUBLICAN COMMITTEE;

[REDACTED] CITY COUNCIL, PITTSBURGH, PA; JOHN

ROBERT TORTUATO, JR.; OWNER, COMPUTER TECHNOLOGY ASSOCIATES, INC (CTA),

DE-14

194-4603-21X

2 DEC 18 1984

70 JUL 15 1985

PAGE TWO, PH JQORC-361, UNCLAS

NEWPORT BEACH, CALIFORNIA; JUDY ELL [REDACTED], (C.T.A.); JUDY

SHOPP SMITH [REDACTED] ALLEN ROGER STONEMAN;

HOBBS ACT; CONSPIRACY, ITAR-BRIBERY, MAIL FRAUD;

TITLE MARKED CHANGED TO INCLUDE THE NAMES AND TITLES OF SUBJECTS

[REDACTED] ASHER, JUDY

SMITH [REDACTED] STONEMAN AND [REDACTED] AS WELL AS TO CORRECT THE TITLE

OF HERBERT AND WILLIAM SMITH.

RE PHILADELPHIA TELEPHONE CALL TO THE BUREAU NOVEMBER 26, 1984
AND PHILADELPHIA TELETYPE TO THE BUREAU OCTOBER 25, 1984.

FOR THE INFORMATION OF FBIHQ SUBJECT TORTUATO ENTERED INTO A
PLEAS AGREEMENT AND IS COOPERATING WITH THE GOVERNMENT. ON INTERVIEW,
TORTUATO CONFIRMS THAT HE AND SUBJECT WILLIAM SMITH HAD AN
AGREEMENT WITH TREASURE DWYER UNDER WHICH DWYER WOULD RECEIVE THREE
HUNDRED THOUSAND DOLLARS FOR AWARDED THE STATE SCHOOLS F.I.C.A.
RECOVERY CONTRACT TO C.T.A. TORTUATO INVOLVED [REDACTED] AND
[REDACTED] IN THE STRATEGY MEETINGS WITH [REDACTED] BUT DOES NOT KNOW
IF [REDACTED] WAS TO RECEIVE ANYTHING FROM [REDACTED] FROM THE
PROCEEDS. [REDACTED] ADVISED [REDACTED] WAS TO RECEIVE
FUNDS FROM THE PROCEEDS OF THE CONTRACT THROUGH SUBJECT [REDACTED] FOR
HIS ASSISTANCES. TORTUATO ADVISED THE [REDACTED]

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PAGE THREE, PH 194C-361, UNCLAS

KNEW OF THE PAYOFF TO DWYER AND SUBJECT WILLIAM SMITH WAS GOING TO TAKE CARE OF [REDACTED] ACCORDING TO TORTUATO DWYER REQUESTED THROUGH SMITH THAT ONE HUNDRED THOUSAND DOLLARS GO TO HIM PERSONALLY, ONE HUNDRED THOUSAND DOLLARS TO HIS CAMPAIGN AND ONE HUNDRED THOUSAND DOLLARS TO THE STATE REPUBLICAN COMMITTEE. WHEN TORTUATO AND SMITH RELATED DWYER'S REQUEST ABOUT THE METHOD OF PAYMENT OF THE THREE HUNDRED THOUSAND DOLLARS TO [REDACTED]

[REDACTED] SAID THE THREE HUNDRED THOUSAND DOLLARS HAD TO COME THROUGH HIM OR THEY COULD ALL GO TO JAIL. TORTUATO CONFIRMED THE CHECK IN EXCESS OF SIX THOUSAND DOLLARS WHICH PITTSBURGH CITY COUNCIL

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[REDACTED] RECEIVED WAS A PAYMENT FOR HIS HELP WITH THE PITTSBURGH F.I.C.A. RECOVERY CONTRACT AND STATED THAT [REDACTED] ALSO RECEIVED A STOCK OPTION ON A COMPANY FORMED BY TORTUATO. PHILA. IS IN POSSESSION OF A COPY OF THE STOCK OPTION.

TORTUATO STATED THAT SUBJECT WILLIAM SMITH OFFERED ONE HUNDRED THOUSAND DOLLARS DIRECTLY TO [REDACTED] IN AN ATTEMPT TO GET AN [REDACTED] PINION WHICH WOULD MAKE THE F.I.C.A. RECOVERY CONTRACT FOR THE APPROXIMATELY FIVE HUNDRED PENNSYLVANIA SCHOOL DISTRICT EXCLUSIVELY CTA'S AND NO PERMIT THE SCHOOL DISTRICT'S CHOICE. INCLUDED IN THE OUTSTANDING INDICTMENT

PAGE FOUR, PH 194C-361, UNCLAS

AGAINST TORTUATO, WILLIAM SMITH, STONEMAN, HERBERT AND ELLIS IS

A ONE HUNDRED THOUSAND DOLLAR OFFER TO [REDACTED]

[REDACTED] WHICH [REDACTED] HAS TESTIFIED TO.

TORTUATO NEVER MET WITH [REDACTED] ABOUT THE BRIBE

OFFER PERSONALLY BUT RELATED A CONVERSATION WITH [REDACTED]

[REDACTED] AT A POLITICAL FUND RAISER WHERE TORTUATO MADE THE REMARK

WHEN DISCUSSING THE F.I.C.A. RECOVERY CONTRACT AND TREASURY

DWYER WITH [REDACTED] THAT "WHEN YOU BRIBE SOMEONE

YOU THINK THEY'D STAYED BRIBE". TORTUATO STATES THIS CONVERSATION

TOOK PLACE AT A TIME WHEN HE WAS HAVING PROBLEMS WITH THE CONTRACT

AND TREASURY DWYER.

AS POINTED OUT IN PREVIOUS TELETYPES [REDACTED]

[REDACTED] IS ON A CRIMINAL LAW ADVISORY BOARD, [REDACTED]

WILLIAM FRANK SMITH.

TORTUATO AND HERBERT HAVE SIGNED PLEA AGREEMENTS AND ARE
COOPERATING WITH THE GOVERNMENT. TRIAL FOR SMITH, ELLIS AND
STONEMAN SCHEDULED FOR JANUARY 4, 1985. SUBJECT WILLIAM SMITH
IS CURRENTLY NEGOTIATING WITH THE U.S. ATTORNEY, MDPA.

INVESTIGATION CONTINUING.

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 1 of 1
 DECEMBER 4, 1984

UNCLAS

PRIORITY

*F234TPP PHIDE HQ H0234 3400420TYUTP 042213Z DEC 84

FM DIRECTOR FBI

TO FBI PHILADELPHIA {194C-361} {HRA} PRIORITY

BT

UNCLAS

 R. BUDD DWYER, TREASURER OF PENNSYLVANIA; ET AL.; HOBBS ACT;
 CONSPIRACY; ITAR-BRIBERY; MAIL FRAUD. 00: PHILADELPHIA.

REPHTEL OF NOVEMBER 29, 1984.

IN VIEW OF SIGNIFICANT DEVELOPMENTS IN CAPTIONED MATTER,

 PHILADELPHIA IS REQUESTED TO SUBMIT TO FBIHQ AS SOON AS
 POSSIBLE AN LHM SUITABLE FOR DISSEMINATION SUMMARIZING
 INVESTIGATION CONDUCTED TO DATE.

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APPROVED BY ANN/DWL	DRAFTED BY PWK:DLT {3}	DATE 12/4/84	ROOM 3853/6	TELE EXT [REDACTED]
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 1 - [REDACTED]
 1 - [REDACTED]

det

194-4683 22

2 DEC 6 1984

 FEDERAL BUREAU OF INVESTIGATION
 COMMUNICATIONS SECTION

DEC 05 1984

NOTE: CAPTIONED MATTER INVOLVES ALLEGATIONS OF KICKBACKS
MADE TO HIGH LEVEL OFFICIALS OF THE COMMONWEALTH OF PENNSYLVANIA
TO SECURE THE AWARD OF A MULTI-MILLION DOLLAR CONTRACT. LAST
LHM WAS SUBMITTED IN JULY, 1984. SINCE THEN A NUMBER OF
SIGNIFICANT DEVELOPMENTS HAVE OCCURRED NECESSITATING THE
REQUESTED UPDATE.

Property Type Codes***Code****No Description**

- 1 Cash (U.S. and foreign currency)
- 2 Stock, Bonds or Negotiable Instruments (checks, travelers checks, money orders, certificates of deposit, etc)
- 3 General Retail Merchandise (clothing, food, liquor, cigarettes, TVs, etc)
- 4 Vehicles (autos, trucks, tractors, trailers, campers, motorcycles, etc)
- 5 Heavy Machinery & Equipment (heavy equipment, computers, etc)
- 6 Bulk Materials (grain, fuel, raw materials, metals, wire, etc)
- 7 Jewelry (including unset precious and semiprecious stones)
- 8 Precious Metals (gold, silver, silverware, platinum, etc)
- 9 Art, Antiques or Rare Collections
- 10 Dangerous Drugs
- 11 Weapons or Explosives
- 12 Businesses or Assets Forfeited
- 20 All Other Recoveries (not falling in any category above)

Potential Economic Loss Prevented (PELP) Type Codes***Code****No Description**

- 22 Counterfeit Stocks, Bonds, Currency or Negotiable Instruments
- 23 Counterfeit or Pirated Sound Recordings or Motion Pictures
- 24 Bank Theft Scheme Aborted
- 25 Ransom, Extortion or Bribe Demand Aborted
- 26 Theft from, or Fraud Against, Government Scheme Aborted
- 27 Commercial or Industrial Theft Scheme Aborted
- 30 All Other Potential Economic Loss Prevented (not falling in any category above)

*The case file must contain an explanation of the computation of the recovery value or loss prevented. An explanation airtel must accompany this report if the recovery is \$1 million or more, or if the PELP is \$5 million or more.

Subject Description Codes*

- Enter Description Code Only When Reporting a Conviction -

Organized Crime Subjects:

- 1A Boss, Underboss or Consigliere
- 1B Capodecina or Soldier
- 1C Possible LCN Member or Associate
- 1D OC Subject Other Than LCN

Known Criminals (Other Than OC Members):

- 2A Top Ten or I.O. Fugitive
- 2B Top Thief
- 2C Top Con Man

Foreign Nationals:

- 3A Legal Alien
- 3B Illegal Alien
- 3C Foreign Official Without Diplomatic Immunity
- 3D U.N. Employee Without Diplomatic Immunity
- 3E Foreign Students
- 3F All Others

Terrorists:

- 4A Known Member of a Terrorist Organization
- 4B Possible Terrorist Member or Sympathizer

Union Members:

- 5A International or National Officer
- 5B Local Officer
- 5C Union Employee

Government Officials Or Employees:

Federal	State	Local
6A Presidential Appointee	6J Governor	6R Mayor
6B U.S. Senator	6K Lt. Governor	
6C U.S. Representative	6L Legislator	6S Legislator
6D Judge	6M Judge	6T Judge
6E Prosecutor	6N Prosecutor	6U Prosecutor
6F Law Enforcement Officer	6P Law Enforcement Officer	6V Law Enforcement Officer
6G Fed Exec - GS 13 & above	6Q All Others - State	6W All Others - Local
6H Fed Empl - GS 12 & below		

Bank Officers or Employees:

- 7A Bank Officer
- 7B Bank Employee

All Others:

- 8A All Other Subjects (not fitting above categories)

*If a subject can be classified in more than one of the categories, select the most appropriate in the circumstance.

Instructions**Subject Priorities for FBI Arrest or Locates:**

- A - Subject wanted for crimes of violence (i.e. murder, manslaughter, forcible rape, robbery and aggravated assault) or convicted of such crimes in the past five years.
- B - Subjects wanted for crimes involving the loss or destruction of property valued in excess of \$25,000 or convicted of such crimes in the past five years.
- C - All others

Claiming Convictions Other Than Federal:

It is permissible to claim a local (state, county or local) conviction if the FBI's investigation significantly contributed to the successful local prosecution. A succinct narrative setting forth the basis for claiming a local conviction must accompany this report. When claiming a conviction other than Federal, enter the word "LOCAL" in the Conviction-Section" block, disregard the number of conviction counts, but enter the sentence in the appropriate blocks. Enter "LF" in the "In-Jail" block for all life sentences and "CP" for all capital punishment sentences.

Reporting Convictions:

Convictions should not be reported until the sentence has been issued. There are two exceptions to this rule. The conviction information can be submitted by itself if:

- 1. The subject becomes a fugitive after conviction but prior to sentencing.
- 2. The subject dies after conviction but prior to sentencing.

An explanation is required in the Remarks section for either of the above exceptions.

Rule 20 Situations:

The field office that obtained the process (normally the office of origin) is the office that should claim the conviction, **not** the office where the subject enters the plea in cases involving Rule 20 of the Federal Rules of Criminal Procedures.

Investigative Assistance or Techniques (IA/Ts) Used:

-Since more than one IA/T could have contributed to the accomplishment, each IA/T must be rated.

-The IA/T used must be rated **each time** an accomplishment is claimed. (For example - if informant information was the basis for a complaint, an arrest, a recovery and a conviction and if separate FD-515s are submitted for each of the aforementioned accomplishments, the "Informant Information" block must be rated on each FD-515 even if it was the same information that contributed to all the accomplishments.)

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FM PHILADELPHIA (194C-361) (HRA) (P)

TO DIRECTOR ROUTINE

BT

UNCLAS

Budd Dwyer

R. BUDD DWYER, TREASURER OF PENNSYLVANIA

Exec. AD-Adm.	
Exec. AD-Inv.	
Exec. AD-LCS	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Off. of Cong. & Public Affs.	
Rec. Mgnt.	
Tech. Servs.	
Training	
Telephone Rm.	
Director's Sec'y	

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TREASURY DEPARTMENT, COMMONWEALTH

OF PENNSYLVANIA; DAVID I. HERBERT, FORMER DIRECTOR, BUREAU OF SOCIAL SECURITY FOR PUBLIC EMPLOYEES, DEPARTMENT OF LABOR AND INDUSTRY, COMMONWEALTH OF PENNSYLVANIA;

COMMONWEALTH OF PENNSYLVANIA;

COMMONWEALTH OF PENNSYLVANIA;

WEALTH OF PENNSYLVANIA;

WEALTH OF PENNSYLVANIA; ROBERT ASHER, CHAIRMAN OF THE REPUBLICAN STATE COMMITTEE FOR THE COMMONWEALTH OF PENNSYLVANIA; WILLIAM T.

SMITH, CO-CHAIRMAN, DAUPHIN COUNTY REPUBLICAN COMMITTEE

CITY COUNCIL, PITTSBURGH, PA.; JOHN ROBERT

TORQUATO, JR., OWNER, COMPUTER TECHNOLOGY ASSOCIATES, INC. (CTA),

399 JUL 20 1985

PAGE TWO, PH 194C-361, U N C L A S

NEWPORT BEACH, CALIFORNIA; JUDY ELLIS, PRESIDENT, CTA: [REDACTED]

[REDACTED] ALLEN ROGERS STONEMAN; HOBBS ACT + CPO

CONSPIRACY; ITAR-BRIBERY, MAIL FRAUD.

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RE PHILADELPHIA TELETYPE TO THE BUREAU, NOVEMBER 29, 1984 AND
BUREAU TELEPHONE CALL TO HARRISBURG RESIDENT AGENCY, DECEMBER 10,
1984.

FOR THE INFORMATION OF FBIHQ, SUBJECT TORQUATO ENTERED INTO A
PLEA AGREEMENT AND IS COOPERATING WITH THE GOVERNMENT. ON INTERVIEW,
TORQUATO CONFIRMS THAT HE AND SUBJECT WILLIAM SMITH HAD AN AGREEMENT
WITH TREASURER DWYER UNDER WHICH DWYER WOULD RECEIVED \$300,000 FOR
AWARDING THE STATE SCHOOLS F.I.C.A. RECOVERY CONTRACT TO CTA.

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TORQUATO INVOLVES [REDACTED] AND [REDACTED] IN THE STRATEGY
MEETINGS WITH [REDACTED] BUT DOES NOT KNOW IF [REDACTED] WAS TO
RECEIVE ANYTHING FROM [REDACTED] FROM THE PROCEEDS OF THE CONTRACT.

TORQUATO ADVISED [REDACTED] WAS TO RECEIVE FUNDS FROM
THE PROCEEDS OF THE CONTRACT THROUGH SUBJECT [REDACTED] FOR HIS
ASSISTANCE. TORQUATO ADVISED THAT [REDACTED] KNEW
OF THE PAYOFF TO DWYER AND SUBJECT WILLIAM SMITH WAS GOING TO TAKE
CARE OF [REDACTED] ACCORDING TO TORQUATO, DWYER REQUESTED THROUGH
SMITH THAT \$100,000 GO TO HIM PERSONALLY, \$100,000 TO HIS CAMPAIGN

PAGE THREE, PH 194C-361, U N C L A S

AND \$100,000 TO THE STATE REPUBLICAN COMMITTEE. WHEN TORQUATO AND SMITH RELATED DWYER'S REQUEST ABOUT THE METHOD OF PAYMENT FOR THE \$300,000 TO [REDACTED] SAID THE \$300,000 HAD TO COME THROUGH HIM OR THEY COULD ALL GO TO JAIL. TORQUATO CONFIRMED THE CHECK IN EXCESS OF \$6,000 WHICH PITTSBURGH CITY [REDACTED] RECEIVED FOR THE PAYMENT FOR HIS HELP WITH PITTSBURGH F.I.C.A. RECOVERY CONTRACT AND STATED THAT [REDACTED] ALSO RECEIVED A STOCK OPTION ON A COMPANY FORMED BY TORQUATO FOR HIS ASSISTANCE. PHILADELPHIA IS IN POSSESSION OF A COPY OF STOCK OPTION.

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TORQUATO STATED THAT SUBJECT WILLIAM SMITH OFFERED \$100,000 DIRECTLY TO [REDACTED] IN AN ATTEMPT TO GET AN [REDACTED] OPINION WHICH WOULD MAKE THE F.I.C.A. RECOVERY CONTRACT FOR THE APPROXIMATELY 500 PENNSYLVANIA SCHOOL DISTRICTS EXCLUSIVELY CTA'S AND NOT PERMIT THE SCHOOL DISTRICTS A CHOICE. INCLUDED IN THE OUTSTANDING INDICTMENT AGAINST TORQUATO, WILLIAM SMITH, STONEMAN, HERBERT AND ELLIS IS A \$100,000 OFFER TO [REDACTED]

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[REDACTED]
TESTIFIED TO BEFORE A FEDERAL GRAND JURY. TORQUATO NEVER MET WITH [REDACTED] ABOUT THE BRIBE OFFER PERSONALLY BUT

PAGE FOUR, PH 194C-361, U N C L A S

RELATED A CONVERSATION WITH [REDACTED] AT A POLITICAL
FUND-RAISER WHERE TORQUATO MADE THE REMARK WHEN DISCUSSING THE
F.I.C.A. RECOVERY CONTRACT AND TREASURER DWYER WITH [REDACTED]
[REDACTED]

TORQUATO STATES THIS CONVERSATION TOOK PLACE AT A TIME WHEN HE WAS
HAVING PROBLEMS WITH THE CONTRACT AND DWYER.

TORQUATO AND HERBERT HAVE SIGNED PRELIMINARY AGREEMENTS AND ARE
COOPERATING WITH THE GOVERNMENT. TRIAL FOR SMITH, ELLIS AND
STONEMAN IS SCHEDULED FOR JANUARY 4, 1985. SUBJECT WILLIAM SMITH
IS CURRENTLY NEGOTIATING WITH THE UNITED STATES ATTORNEY, MDPA.

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ON SATURDAY, DECEMBER 8, 1984, AN ORAL OFFER OF PROOF WAS
RECEIVED FROM [REDACTED] ON BEHALF OF HIS CLIENT
SUBJECT DAUPHIN COUNTY REPUBLICAN CHAIRMAN WILLIAM T. SMITH.

THE SUBSTANCE OF THE OFFER WITH RESPECT TO [REDACTED]

[REDACTED] WAS THAT SUBJECT SMITH OFFERED [REDACTED] \$150,000 DIRECTLY
IN EXCHANGE FOR A CERTAIN ATTORNEY GENERALS OPINION ON THE F.I.C.A.
RECOVERY CONTRACT FOR THE PENNSYLVANIA SCHOOL EMPLOYEES. SUBJECT
SMITH ALLEGEDLY HAS A WITNESS TO HIS SIDE OF THE TELEPHONE
CONVERSATION WHEN THE OFFER WAS MADE. SUBJECT SMITH WAS THEN
REFERRED BY [REDACTED]

PAGE FIVE, PH 194C-361, U N C L A S

WITH RESPECT TO OTHER DEFENDANTS, SUBJECT SMITH CAN PROVIDE
INFORMATION AND A CORROBORATING WITNESS WITH RESPECT TO PENNSYLVANIA

[REDACTED] AND [REDACTED]

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b7C

TESTIMONY AGAINST TREASURER R. BUDD DWYER.

NEGOTIATIONS WITH SMITH ARE NOT CONCLUDED AS HE WANTS IMMUNITY
FROM PROSECUTION AND IS CURRENTLY PENDING TRIAL IN INSTANT MATTER.
IT IS THE GOVERNMENTS POSITION AT THIS TIME THAT IMMUNITY IS OUT OF
THE QUESTION AND AN OFFER OF A PLEA TO ONE FIVE YEAR COUNT HAS BEEN
MADE TO SUBJECT SMITH. SUBJECT SMITH IS SCHEDULED FOR TRIAL IN
JANUARY, 1985 AFTER WHICH THE GOVERNMENT INTENDS TO IMMUNIZE SMITH
AND COMPEL HIS TESTIMONY. IT IS REQUESTED THAT THE INFORMATION
CONTAINED IN THE OFFER APPROVED NOT BE DISCLOSED THE BUREAU AT THIS
TIME.

PHILADELPHIA, AT HARRISBURG, PA.: INVESTIGATION CONTINUING.

BT

12/11/84

JUDGE:

RE: R. BUDD DWYER, TREASURER OF PENNSYLVANIA;

COMMONWEALTH OF PENNSYLVANIA;

ET AL.;

HOBBS ACT; CONSPIRACY; ITAR-BRIBERY;

MAIL FRAUD

As you are aware, Pennsylvania State

is a subject of this investigation which involves bribes and campaign contributions made by Computer Technology Associates (CTA). The bribes and campaign contributions by CTA were to influence the obtaining of a contract with the State of Pennsylvania to recover Social Security over-payments made by State employees on sick leave for the period 1979 through 1981.

On 12/10/84, the Public Integrity Section, Department of Justice, advised that is being prominently mentioned to head the President's Commission on Pornography. It is also noted that is on the U. S. Attorney General's Advisory Board.

The Philadelphia Office has reported that the U. S. Attorney in Philadelphia has advised of involvement in the investigation.

has been interviewed regarding alleged offers of campaign contributions. will be notified by the U. S. Attorney's Office within the next two or three weeks that he is a target of this investigation.

O. B. Revell

2 JAN 1985

[Redacted]

Follow the
EAU, RMD.

ADUSIC
12/14/84

[Redacted]

* Assume this
is caught in a name check

[Redacted]

SKX - file

MF

PH0216 010021SZ

RR HQ

DE PH

R 090216Z JAN 85K

FM PHILADELPHIA (194 C-361) (HRA) (P)

TO DIRECTOR, FBI (ROUTINE)

BT

U N C L A S

Budd Dwyer

R. BUDD DWYER; TREASURER, COMMONWEALTH OF PENNSYLVANIA, ET AL;

MAIL FRAUD, ITAR-BRIBERY, CONSPIRACY, HOBBS ACT. OO:PHILA

FOR THE INFORMATION OF THE BUREAU, TARGET LETTERS ARE BEING
DELIVERED TO STATE REPUBLICAN CHAIRMAN ROBERT ASHER, STATE TREASURER
R. BUDD DWYER, AND [REDACTED] TRIAL IN INSTANT
MATTER AGAINST INDIVIDUALS CURRENTLY UNDER INDICTMENT SCHEDULED FOR
JURY SELECTION JANUARY 14, 1985, TRIAL TO BEGIN FEBRUARY 5, 1985.

BT

RECEIVED
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FEDERAL BUREAU
OF INVESTIGATION

Exec. AD-Adm.	
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Exec. AD-LES	
Asst. Dir.:	
Adm. Servs.	b6
Crim. Inv.	b6
Ident.	b7C
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Rec. Mgnt.	
Tech. Servs.	
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Telephone Rm.	
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UNCLAS E F T O

ROUTINE

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FM DIRECTOR FBI

TO FBI PHILADELPHIA (194-361) ROUTINE

ATTN: ELSUR COORDINATOR

BT

UNCLAS E F T O

R. BUDD DWYER; ET AL; HOBBS ACT-CP04 00: PH.

194-4683-24

REPHTEL TO FBIHQ 1/10/85 AND BUTEL TO PH 3/26/84 CAPTIONED

AKA; ET AL; ECT; 00: PH."

REPHTEL REQUESTED "ELSUR CHECK" OF THREE INDIVIDUALS IDENTIFIED BY NAME ONLY WHO ARE POTENTIAL WITNESSES IN FORTH-COMING TRIAL. SEARCH TO BE CONDUCTED PURSUANT TO REQUEST BY AUSA.

DUE TO THE NATURE AND VOLUME OF THE MAJORITY OF THE INFORMATION ANTICIPATED TO BE REFLECTED FROM SUCH A SEARCH, FBIHQ ELSUR INDEX CANNOT RESPOND TO THE PHILADELPHIA REQUEST. PLEASE NOTE THAT ONE OF THE NAMES SUBMITTED, [REDACTED] IS AN EXTREMELY COMMON NAME.

EFW/DSH/WJT (4) 1/11/85

4997/4

1 [REDACTED]
2 - ELSUR INDEX, RMD

12 JAN 21 1985

RETURN TO ROOM 4897
IN MESSENGER ENVELOPE

FOUR
ELSUR INDEX

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

PAGE 2

CONTINUATION SHEET

*PAGE TWO DE HQ 0259 UNCLAS E F T O

PHILADELPHIA IS INSTRUCTED TO REVIEW THE MIOG, PART II,
SECTION 10-9.3, ENTITLED "REQUESTS FOR ELSUR CHECKS." ELSUR
SEARCHES SUCH AS THAT APPARENTLY REQUESTED BY THE AUSA SHOULD BE
REFERRED TO OR AT LEAST DISCUSSED WITH THE APPROPRIATE SUPER-
VISING ATTORNEY AT THE DEPARTMENT OF JUSTICE RESPONSIBLE FOR
THE COORDINATION OF ALL SUCH REQUESTS. SHOULD THERE BE ANY
QUESTIONS WITH REGARD TO THIS PROCEDURE, PLEASE REFER THEM TO
YOUR FIELD OFFICE ELSUR COORDINATOR OR CONTACT FBIHQ ELSUR
INDEX ON EXTENSION

BT

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DO NOT TYPE

DO NOT TYPE MESSAGE BELOW THIS LINE